

JPRS 77144

9 January 1981

Latin America Report

No. 2238



FOREIGN BROADCAST INFORMATION SERVICE

NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Mansfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

9 January 1981

LATIN AMERICA REPORT

No. 2236

CONTENTS

ENERGY ECONOMICS

CHILE

Energy Commission Chief Discusses Oil, Energy Options (Gabriel Gonzalez Segovia; LA TERCERA DE LA HORA, 30 Nov 80)...	1
Mines Minister Announces Offshore Oil Search, Copper (EL MERCURIO, 24 Nov 80).....	3
Briefs	
Coal Reserves Reported	5

CUBA

Domestic Fuel Situation in Country Analyzed (Joaquin Oramas; GRANMA, 14 Nov 80).....	6
---	---

COUNTRY SECTION

ARGENTINA

Alemann Comments on High Cost of National Defense, Other Issues (LA PRENSA, 20 Nov 80).....	12
Martinez de Hoz Criticizes Detractors of Economic Policies (LA OPINION, 20 Nov 80).....	18
Trade Balance, Reserves Figures Show Increased Deficit (CLARIN, 16 Nov 80).....	21

CHILE

Study Details Slow Growth in Agricultural Sector (EL MERCURIO, 2 Dec 80).....	24
--	----

Budget Expenditures for 1981 Outlined (EL MERCURIO, 2 Dec 80).....	27
Editorial Counters Bishops' Call for Return of Exiles (Editorial EL MERCURIO, 30 Nov 80).....	29
Briefs	
Navy Warships	31
Copper Processing Technology	31
Foreign Interest in Copper Deposit	32
Terrorists' Return Prohibited	32

CUBA

Problems With Industrial Emulation Results Noted (Pedro Rodriguez Gutierrez; JUVENTUD REBELDE, 25 Nov 80).....	34
Prerequisites for Higher Education (Raisa Harambouru Interview; GRANMA, 18 Nov 80).....	36
Briefs	
Sierra Leone's APC Officer	39
Spanish Parliamentarians at ICAP	39

JAMAICA

New Administration Publishes Policies, Cabinet Members (SUNDAY GLEANER, 2 Nov 80).....	40
New Government Policies	
Fifteen Member Cabinet	
Foreign Capital Welcomed, Investment Opportunities Outlined (ROYAL GAZETTE, 4 Dec 80).....	43

NICARAGUA

IAPA Attacked by Council of State, Defended by 'LA PRENSA' (LA PRENSA, 29 Oct 80).....	46
Accusations Against JGRN Condemned	
Chamorro Answers JGRN Pronouncement, by Pedro Chamorro	
Role of Finance Sector in National Economy Defined (BARRICADA, 24 Nov 80).....	49
Politicization of Christmas Celebrations Scored (LA PRENSA, 29 Nov 80).....	56
CTN Defends Itself Against 'BARRICADA' Accusations (LA PRENSA, 30 Nov 80).....	59

PERU

Orrego's Election Victory Analyzed (Enrique Chirinos Soto; LA PRENSA, 24 Nov 80).....	62
Orrego To Establish Dialog With Other Parties (CRONICA, 25 Nov 80).....	64
'Shining Path' Subversive Plan Destroyed by PIP (LA PRENSA, 26 Nov 80).....	66
Ultraleft Involved in Terrorist Acts (CORREO, 23 Nov 80).....	67
Senator on APRA's Future, Terrorism (EXPRESO, 26 Nov 80).....	69
Minister Acknowledges Leftist Gains, Seeks Cooperation (LA PRENSA, 25 Nov 80).....	71

URUGUAY

Most Montevideo Residents Seen Favoring Constitutional Guidelines (EL PAIS, 25 Oct 80).....	73
Rapela Optimistic Regarding 'Yes' Vote in Upcoming Plebiscite (Julio Cesar Rapela Interview; EL PAIS, 26 Oct 80).....	77

ENERGY COMMISSION CHIEF DISCUSSES OIL, ENERGY OPTIONS

Santiago LA TERCERA DE LA HORA in Spanish 30 Nov 80 p 5

[Article by Gabriel Gonzalez Segovia]

[Text] Antofagasta--There are definite possibilities that there is oil offshore from Valparaiso to the southern region of our country.

This announcement was made by Lt Gen Herman Brady Roche (retired), head of the National Energy Commission, during his closing speech at the Interregional Development Days held in this city and attended by experts from many different sectors of national life related to the topic.

The series of talks was organized by the Office of Vice Rector of Communications of the University of the North and sponsored by the Council of Rectors of Chilean universities, ODEPLAN [National Planning Office], and the regional intendancies of regions I and II.

The closing session was held in one of the halls of the Automobile Club. Attending, along with Minister Brady, were Jorge Alberto Alarcon Johnson, rector of the University of the North, Hector Insulza, inspector general of Carabineros, Washington A. Aris Torrealba, vice rector of communications and extension, Sabino Poblete Alay, rector of the Antofagasta campus, members of the academic community and the public, who filled the hall.

For the first time since the creation of the National Energy Commission, a report was given on what has been done, plans for the present and future projects.

In great detail, Lt Gen Herman Brady drew up a balance sheet of studies done of energy resources which our country has, beginning in 1970.

He said that due to the seriousness of world energy problems and the gloomy outlook ahead, our country must reduce its foreign dependency and carry out projects aimed at partially relieving the effects of this crisis, which appears to be very serious.

Private Sector

He revealed that "it will be necessary to emphasize the development of hydroelectric resources" and specified that in 1995, approximately \$5 billion will be needed for the construction and operation of hydroelectric complexes.

The head of the National Energy Commission said that because of the high cost of investments in this area, it will be necessary to have the participation of the private sector, which could take responsibility for projects and the operation of small power plants, using the flow of rivers or dams.

He announced that a study is ready to bring regions I and II into the system of electric interconnections, which should result in lower costs to users.

El Tatio

During his talk, Minister Brady also mentioned geothermic sources of energy. The main deposits include El Tatio, 280 kilometers inland from Antofagasta and Puchuliza, in region I.

He said that the original estimates concerning the size of the sources were in error. An Italian firm was hired to conduct research and determined that in the case of El Tatio, the capacity is only 15 megawatts instead of 150, as is often stated.

The president of the republic is being urged to approve a call for bids for the operation of El Tatio, Minister Brady said.

He observed that this is justified because of the high cost involved in prospecting. By way of example, drilling an exploratory well costs at least \$1 million.

Minister Brady announced that the president of the republic, Gen Augusto Pinochet, has provided for sectorization of the ocean floor from Valparaiso south.

This measure was taken in view of evidence that this vast offshore region contains signs of the existence of hydrocarbons or oil, to be more specific.

Some projects will be carried out by the National Oil Enterprise while others will be the subject of bidding.

"The chief of state has resolved that prospecting for oil should be intensified," the high government official said.

11,464
CSO: 3010

MINES MINISTER ANNOUNCES OFFSHORE OIL SEARCH, COPPER

Santiago EL MERCURIO in Spanish 24 Nov 80 p C-3

[Text] In early February, the National Petroleum Enterprise, ENAP, will begin drilling 12 oil wells along the country's central coastline, in the area between San Antonio and the mouth of the Biobio River, in Concepcion.

This announcement was made yesterday by the minister of mines, RAdm Carlos Quinones Lopez, in his opening address before the 50th Congress of the Mining Engineers Institute, held in the capital's Municipal Theater.

The minister said that the contract has already been signed with the American firm Diamond M, which will use a semi-submersible platform for underwater drilling.

According to preliminary studies, it is possible that oil may be discovered but even more likely that natural gas will be found.

In his address, Minister Quinones reviewed the situation of the country's main mining activities, including copper, molybdenum, coal, iron, gold, potassium nitrate, sodium sulfate, iodine and oil. He said that the latter "is undoubtedly the most important mining sector after copper."

According to the minister, total oil production in 1979 (including both offshore and inland wells) amounted to 20.3 percent of the country's total consumption. Thanks to the production of new deposits, it is hoped that national production this year will represent 35.6 percent of all consumption, rising to 43.3 percent in 1981.

Copper

Speaking before Quinones, the chairman of the organizing committee, Hans Goepfert, stated that the congress will receive the aid of specialists from the United States, Canada, Great Britain, Brazil and Bolivia and that over 50 projects will be carried out by Chilean professionals.

The president of the Mining Engineers Institute, Andres Zauschquevich, said that Chile has a geological structure pointing toward "veritable determinism" with regard to our mining economy's future dependency on copper.

"A recent study made in the country of the future potential of some 18 mining elements led to the conclusion that around the year 2000, copper and molybdenum will still represent 81 percent of the total."

He also emphasized that during the coming decade, new copper deposits will go into production, meaning that in every region of Chile, from the first to the sixth, in addition to the metropolitan area, "there will be at least one large-scale copper mining operation with its own infrastructure and personnel."

Foreign Investment

In his speech, Minister Quinones emphasized that by 31 August of this year, the Foreign Investment Committee had authorized investments totaling \$3.7 billion for mining projects. Of these, \$373 million worth (10 percent) have been made.

Concerning national investment, he emphasized the recent private investment of \$70 million in the Lo Aguirre copper complex, the allocation of \$350 million for investments in CODELCO [Copper Corporation] in 1981 and \$5 million annually for ENAMI [National Mining Enterprise].

Mining Patents

Finally, the minister mentioned government participation in new deposits, repeating that "the government will not invest in the development of new deposits in order to operate them in its own behalf and at its own risk."

In the case of joint ventures with private capital, the government will limit its contribution to the value of the deposit, without allocating capital resources for its operation, he said.

Regarding the policy of collecting high mining patents in order to stimulate the working of such holdings, the minister said that during the first year that the measure was applied, 1978, private parties returned 1,321,000 hectares, a figure representing 39.9 percent of the total area backed. "This decline continued in 1979, when the percentage figure was 30.6," he said.

These mining holdings are now freely available and anyone interested in working them may obtain a concession for their production.

Congress

The congress that was officially opened yesterday will continue throughout the week at the Central Headquarters of the University of Chile and in the Diego Portales Building. Works to be presented include those on offshore mining, reducing energy consumption in mining, taxation, a financial analysis of the profitability of mines, technological improvements in refining processes, and others.

11,464
CSO: 3010

BRIEFS

COAL RESERVES REPORTED--Antofagasta--According to the chairman of the National Energy Commission, Lt Gen Herman Brady Roche (retired), there are 5 billion tons of coal in Chile in Arauco and the 12th Region. Speaking about this energy resource at the closing session of the interregional development days, Brady said: "Coal has been somewhat neglected with respect to exploration, mining and even consumption." He added that in 1960, 27 percent was consumed, while the figure for last year was only 12 percent. This drop in consumption was justified by the extremely high cost of coal mining. Reviewing coal resources, Brady said that in Magallanes, or more specifically, in Pecket, there are at least 80 million tons of the mineral. That mine is now up for bids. In addition, he admitted that as early as 1984, commercial mining will begin at Pecket on the Brunswick Peninsula. Prospecting studies were made by the French firm SOFREMINE. Five tons of coal were even taken to France for laboratory studies. Concerning the possible use of solar energy resources, Brady totally rejected the idea: "I can say this emphatically: In Chile, we are not concerned with seeking other national energy sources. The National Energy Commission has no such projects, nor does it have funds to carry out any similar projects." However, Brady did say that research will be promoted using funds allocated to the universities. The duplication of efforts must be avoided. "I shall speak about this issue with the rectors of the universities." [Text] [Santiago LA TERCERA DE LA HORA in Spanish 30 Nov 80 p 5] 11,464

CSO: 3010

DOMESTIC FUEL SITUATION IN COUNTRY ANALYZED

Havana GRANMA in Spanish 14 Nov 80 p 4

[Article by Joaquin Oramas: "Domestic Fuels: What Is Their Situation?"]

[Text] Improving the supply of domestic fuels in our country is a major concern for thousands of workers involved in the production, distribution and consumption of such products.

The fight to overcome difficulties, some of which stem from production facilities and transport equipment and others from inadequate storage capacities of wholesale and retail suppliers, is now guided by a policy governing all present and future steps associated with the production, storage, distribution, supply and use of kerosene, liquefied gas and manufactured gas. These are the main types of domestic fuel used in Cuba.

Studies are now being made in order to channel development in the coming years. Such studies stipulate improvements in the quality and utilization of kerosene, increased production of liquefied gas by the Nico Lopez Refinery in Havana City and the Hermanos Diaz Refinery in Santiago de Cuba, increased production of manufactured gas ("street" gas) by the Mario Fortuny and Evelio Rodriguez Curbelo plants in Havana City, and the establishment of the infrastructure for the assimilation of domestic fuel produced as the result of these improvements. During the period from 1986 to 1990, the Cienfuegos Oil Refinery will go into operation. Improvements will also be made in the motorized vehicle pool for the transport of domestic fuel and storage capacities will be increased.

The latter include not only wholesale storage facilities, but in addition, those of establishments where users purchase fuel. Studies also propose gradually switching — as possibilities permit — to use of the double cylinder for liquefied gas consumers and the manufacture of more efficient kerosene stoves. This would be accompanied by the creation of adequate conditions at stove repair shops and a sufficient supply of spare parts for the maintenance of both kerosene and liquefied and natural gas stoves.

Execution of such a project would make it possible to provide a supply of kerosene during the 1981-1985 period and increase the number of domestic consumers of liquefied gas by 20 percent and of manufactured gas by 30 percent.

This overall program means the completion of projects planned in recent years in order to overcome or at least alleviate difficulties in this service and in connection with which the different workers collectives involved fulfilled goals resulting in higher levels of production and the maintenance of facilities in the best possible conditions.

But this has not been enough because difficulties persist in the production and distribution of liquefied gas, the supply of kerosene and alcohol and in the capital, consumers frequently have problems obtaining gasoline for their motor vehicles. It is therefore necessary to continue work on the definition of a vigorous policy aimed at solving the problems mentioned.

It is also necessary for consumers to be aware of problems existing with respect to domestic fuel, what the actual situation is and how far the search for solutions can go. This will lead to a better understanding of problems.

Growth in Production and Structure of Consumption

In the current structure of supplies which meet the needs for the different domestic fuels, one can observe that of these, kerosene is the most easily available for the people and everything would indicate that the trend will continue in the coming years.

Kerosene is used (brilliant light) by nearly three-fourths of the country's families, while nearly 20 percent use gaseous fuels and the rest cook with electricity, coal, wood or alcohol.

Although with some differences in proportions, this was the order of consumers according to products in 1958. In other words, most people used kerosene, followed by those who cooked with liquefied gas, manufactured gas and electricity. There were more families that used coal or wood and alcohol stoves.

From the time of the triumph of the revolution to date, there have been noteworthy increases in the consumption of domestic fuel and the number of consumers, a logical situation due to the increase in the population and the impact of the benefits which the revolutionary process has brought Cuban families directly and more generally, to the country's social and economic life.

Production of liquefied gas has more than quadrupled, kerosene production has nearly tripled and the increase in production of manufactured gas is 80 percent.

There are also noteworthy increases in the number of consumers of kerosene and gaseous fuels. The figure has doubled for manufactured gas alone. Furthermore, the number of consumers who cook with less efficient fuels -- that is, coal, wood and alcohol -- has dropped substantially.

As the standard of living of our people improves, the demand for domestic fuels grows. At the present time, the need for liquefied and manufactured gas is much greater than the capacity of the plants, despite work done at the plants to increase production. Most increases have gone to satisfy the needs of domestic consumers.

If a poll were conducted among Cuba's families, it would be nearly certain that nearly all of them would express their preference for gaseous fuels. But there is

one fact that we cannot forget: Our country is not in a position to immediately absorb the explosion of liquefied gas or gasoline consumption which meeting the need would imply. This would mean the investment of tens of millions of dollars in new plants, distribution systems, vehicles, and so on.

However, this does not mean that work is not being done along these lines. In addition to the reconstruction and expansion of existing oil refineries, plans for the period from 1981 to 1985 include startup of construction work on an oil refinery in Cienfuegos to increase our fuel refining capacity, including liquefied gas as one of those fuels. But this large investment will basically mean an improvement in the situation because the country's development is accompanied by greater demand for domestic fuels.

The investments will be accompanied by organizational and technological measures making it possible to make better use of facilities in operation and result in better operation of distribution systems. In this way, production will be increased and better-quality products will be produced, eliminating certain problems now noted by domestic users.

In the case of liquefied gas, for example, work is being done to guarantee a stable supply to current consumers and to provide increased new services throughout the 5-year period, especially in the later years.

With respect to kerosene, the production of a better quality stove and an improvement in the product itself will practically eliminate the disagreeable odor given off by the fuel when burned.

Problems With Kerosene and Alcohol

One of the biggest problems relating to the supply of kerosene and alcohol has to do with distribution. Fortunately, there is enough kerosene to meet the demand of all the country's families which use it.

Although national production of kerosene is still insufficient to meet the demand, imports from the USSR make enough of the product available. It should also be pointed out that the quality of the fuel has improved as a result of investments in plants.

Special thought is being devoted to the problem of distribution and the storage capacities of retail centers where it is sold. There are proposals for the establishment of tanks and an increase in the number of transport vehicles, which would make it possible to improve the supply to the people.

At the same time, the steel industry is working to improve the quality of kerosene stoves with new models. In the months to come, it will complete the setting up of a kerosene stove plant at INPUD [National Industries for Domestic Products and Utensils] in Santa Clara.

It should be recalled that at the Estrella Roja plant in Havana City, Pike stoves have been being manufactured for years. Work is being done to create new models that would overcome some of the deficiencies in these articles. In addition, kerosene stoves have been imported in recent years. Stoves for liquefied gas are also

being imported. Stoves for liquefied and manufactured gas manufactured by INPUD are stable and of acceptable quality.

From 1965 to 1979, according to information from the Ministry of Domestic Trade, 692,000 kerosene stoves with oven were distributed to the people and approximately 1.45 million with two ovens were supplied. There were four different models. For this year, nearly 150,000 are available, a still insufficient figure.

Studies are being made to set up workshops and improve those already existing. An adequate stock of spare parts must be ensured for the repair and maintenance of kerosene stoves and those using liquefied and manufactured gas.

Difficulties transporting and storing alcohol are similar to those with kerosene, with at the wholesale and retail level. The solutions proposed are also like those proposed for kerosene.

Kerosene is produced at the oil refineries in Havana City, Cabaiguan and Santiago de Cuba, whence it is shipped throughout the country. Alcohol, mainly used to pre-heat kerosene stoves, is produced at distilleries of the sugar industry, which do not have adequate wholesale storage capacities. This causes difficulties in supplying the population since the distilleries only work part of the year.

Independently of the fact that alcohol is obtained from syrups which constitute a source of foreign exchange, national production guarantees the required levels of consumption.

In order to adopt measures relieving the problems faced with the distribution of kerosene and alcohol, a study has been done in all municipalities in order to decide upon the future installation of storage facilities at centers of consumption. This would ensure better distribution of the products in question.

Liquefied Gas

In a country fighting to overcome underdevelopment, the potential consumption of liquefied gas increases because it is a very clear and convenient type of domestic fuel, only out-performed by electricity. The latter is practically discarded as a domestic fuel for many years because the country must earmark it for other uses of prime importance for our development.

Returning to liquefied gas (LNG, as it is technically known), it is obvious that the technicians, specialists, engineers and other workers who operate production plants have done important work making it possible to raise levels of production and yet, despite these results, there is a gap between the demand for LNG and the production capacity, in addition to storage problems.

From 1959 to date, investments have been made at the Nico Lopez and Hermanos Diaz refineries for domestic fuel production. Their purpose has been to overcome limitations so as to make maximum use of the installed capacities of basic equipment and improve the quality of products.

At the Nico Lopez Refinery, the new gas turbocompressor was installed and equipment was replaced so as to install a greater capacity and permit the use of more active

catalysts for the production of gases. At the Hermanos Diaz Refinery, changes were made in the crude oil and gas towers and equipment with greater capacity was installed.

Future plans include certain modifications in the catalytic cracking unit (technological process in which liquefied gas is produced) in order to increase production of the Nico Lopez plant. At the same time, storage capacities will be increased at the refineries in Havana City, Santiago de Cuba and different provinces so as to create the necessary cover for cases in which the industrial centers in question shut down operations for maintenance or when mishaps affecting production occur.

This increase in storage capacities will also eliminate the disagreeable situation that occurs when, because of a lack of tanks to store liquefied gas, the Nico Lopez plant has to burn the fuel because the production of gasoline, of which LNG is a co-product, cannot be halted.

Tanks to store liquefied gas have been installed at the port of Pastelillo, in Nuevitas, Matanzas, Pinar del Rio, on the Isle of Youth, and at other locations. These are the beginning of a system aimed at providing the necessary storage level.

A study has also been made for the installation of double cylinders for users, which actually becomes a reserve. Although progress would be slower here, it is necessary to step up production of the bottles or cylinders in the country. In addition, it would be necessary to improve maintenance and other liquefied gas facilities.

In 1975, the policy of installing double cylinders for consumers was reinitiated in certain areas and the results were that nearly 20 percent now enjoy this advantage. In Cienfuegos, Camaguey, Ciego de Avila provinces and the special Isle of Youth municipality, they were distributed to all users.

Old Gas Problem

The problem of manufactured or "street" gas, a service offered only in Havana City, is as old as the Melones plant, now known as Evelio Rodriguez Curbelo, one of the two plants supplying the fuel to the capital.

The other, located in Puentes Grandes, is Mario Fortuny, which began operations about 10 years ago with more modern technology.

The Melones plant, with equipment installed a number of years ago, produces the so-called carbonated water gas based on a technology using coke fuel. The plant does not have all the necessary equipment for purification, as a result of which the gas has impurities that accumulate in the distribution networks, in condensate siphons and on occasion, even in the facilities of users.

In the 1960's and 1970's, investments were made in the Evelio Rodriguez Curbelo plant making it possible to improve production. However, impurities still exist, which will be rectified with the installation of purifiers, as planned for the 1981-1985 period.

For its part, the Mario Fortuny plant has a more modern technology based on steam reformation of the gas in the presence of a catalyst, as a result of which the gas obtained does not have the problems of its Melones counterpart.

There is another factor affecting the manufactured gasoline service in Havana City, namely, the obstruction in the system which distributes the fuel and the existence of pipes in poor condition. The manufactured gas distribution system extends throughout various municipalities in Havana City and the total length is 653 kilometers. Stated more graphically, if these iron pipes were laid in a strait line, they would run past the city of Camaguey, starting from the country's capital. Providing optimum maintenance for such a large underground system is difficult and very costly.

There are plans to improve the service by stabilizing pressure in the Havana system, which extends throughout several municipalities in the capital. Consequently, by providing gas with adequate pressure, which reduces consumption, it will be possible to maintain the service in areas where major difficulties have been experienced, especially in Diez de Octubre and Cerro.

Along with the elimination of impurities in gas and the stabilization of pressure through the installation of new equipment, there are plans to make investments to increase the production capacity of the two plants and to provide more resources for the maintenance and construction of distribution systems. All this would permit an increase in the number of domestic users once investments in the plants and in the systems have been made during the 1981-1985 period. Pipes in the Havana system that are in poor condition will be replaced and greater attention will be given to problems of users.

The length of this report makes it impossible to go into detail about the efficient work of those who operate the two plants which produce manufactured gas and workers who handle their maintenance and the distribution systems, but it is only fitting to recognize them because their systematic and self-sacrificing work has prevented the difficulties mentioned from being major, especially with regard to attention to the Melones plant, whose technology is antiquated, and to the systems, some of whose pipes have with time become partially obstructed with rust, carbon and other impurities.

With their spirit of abnegation, the workers in charge of production, distribution and other areas relating to the different types of domestic fuel continue to do their utmost to improve this important service.

11,464
CSO: 3010

ALEMANN COMMENTS ON HIGH COST OF NATIONAL DEFENSE, OTHER ISSUES

Buenos Aires LA PRENSA in Spanish 20 Nov 80 p 8

[Text] The nation's finance secretary, Mr Juan Alemann, stated yesterday that "Argentina is not at an excessive public spending level" and attributed high national defense costs to the high prices of modern war materiel, such as fighter planes that cost \$20 million each or missile-carrying frigates that cost \$500 million. He asserted that Argentina has an exploding social security system, because whereas the active population is increasing at an annual rate of 1.7 percent, the nonworking population is increasing at 5 percent a year. He furnished in-depth information on the federal budget and public investment in a speech of about 90 minutes at the General San Martin Theater that dealt with the topic: "The Size and Efficiency of the State."

Make-Believe Attitude

He began by saying that "people have a somewhat make-believe and immature attitude about the state, which is always being blamed for everything. Even though it might be to blame at times, I do not think that it is as often as people charge. Moreover, because people are unfamiliar with what the state is, they also do not have a clear notion as to whether it can do what they are asking."

After clarifying that the category of public spending includes the central government, the centralized and decentralized agencies, the provinces and municipalities and the state-owned enterprises, as well as its contributions to social benefits, its expenditures and subsidies, he began his address, from which the following excerpts are taken:

Gaging Public Spending

"Public spending is often said to account for 40 percent of the gross domestic product; there has even been talk of 45 percent, and on occasion it has been put at 50 percent of the GDP, which is all wrong, because this latter figure would apply in a country with a collectivist economy, Yugoslavia perhaps, but not Argentina."

Thirty-Two Percent of GDP

"We have done calculations using methods in keeping with national accounts and we got a figure of slightly more than 32 percent of the GDP, which is not excessive in international comparisons. European countries and the United States are higher, going as high as 40 percent." He clarified that this 32 percent includes state agencies, social security and the value added of enterprises. "Thus, Argentina is not at an excessive public spending level. What we do have is a public sector efficiency level that is lower than in those other countries, and this is the really important point. If the public sector were acceptably efficient, it would be less irritating to the public than it is now. Basically, people get irritated because the telephone system does not work as it does in Europe or because the state in general does not function as it does in those countries, and then they confuse the efficiency issue with the level of expenditures."

The Deficit

"A public sector deficit is not equivalent to a company bankruptcy. The public sector's total expenditures are broken down into current and investment outlays. It covers part of these outlays with its current funds and part with debt, and this debt, with the Central Bank or third parties, is called a deficit.

"Our deficit has also reached an internationally acceptable level. In 1975, it was more than 15 percent, which brought us close to a breakdown in the nation's economy, because maintaining that level would have meant the start of hyperinflation and the total breakdown of the monetary system and, therefore, of the economic system.

"Over the last few years our deficits have been at four or five percent of the GDP, which are relatively good levels internationally today. There are few countries with lower ones. Even countries with stable currencies, like Germany, have gotten to an eight percent deficit. Our problem is that we have a poorly developed capital market, whereas those countries can easily cover their outlays with current borrowing because they have well-developed and extensive savings; in other words, the people place their money in savings accounts to cover the deficit."

Investment Financing

"I want to stress that the investments of the public sector as a whole this year amount to around nine percent of the GDP. The deficit, in contrast, is slightly more than four percent of the GDP, which means that we are financing more than half of our public investment with current funds and a smaller proportion with borrowing. Many private firms resort more to borrowing to finance their investments."

Personnel Expenditures

"We have cut the number of government personnel by a bit more than 200,000, out of a total of 1.8 million, which is not an exact figure because we do not know about the municipalities, which employ a good many people. But parallel to this, the real wages of government workers were sharply boosted. Personnel expenditures represented 16.5 percent of the GDP in 1975, dropping to 10.2 percent in 1976 and to 9.5 percent in 1977, because real wages were kept low and there was a quantitative decrease. But then, in 1978, we began to pursue a policy of shoring up wages, which took the percentage to 11.6 in 1978 and 12.4 in 1979, while this year we will be at around 13 percent of the GDP. The average for the 12 years before 1973 was 12 percent. The increase in real wages has been necessary because the public sector has to play by the same rules as the private sector; otherwise, all of the good people leave, and the public sector drops in quality, thus losing any chance to be efficient. We think that there are still too many government workers and that cuts have to be made, but it is getting increasingly difficult.

"For example, the theoretical capacity of our hospitals is not being utilized because insufficient care is being given to the people who stay in the hospitals the longest. Thus, because we want to save on personnel, we wind up building new hospitals, which is much more expensive than using the ones we have better."

Tax Bureau

"The Tax Bureau is another case in which the shortage of personnel is irrational. We had 8,000 people, and according to studies of what it is like in countries like France and Germany, we would have to have 40,000 agents. We would then be able to collect taxes as in those countries. We have had to settle for fewer and we have proposed an increase to 15,000 employees. Each agent easily earns his wages on a workday. On other days he yields higher tax receipts for the state."

Public Investment

"Argentina's public investment traditionally stood between six and eight percent of the the GDP, generally closer to six than to eight. For 3 years, 1976, 1977 and 1978, we were at 11.5 percent public investment, and for the last 2 years we have been at 9 percent. In round numbers, we are investing 50 percent more than in previous periods. In 1976 we found ourselves with many contracts and commitments taken on by the government that we had to comply with. That was a correct decision, because thanks to it, to having kept the government's word, we are currently contracting under optimum conditions and getting the world's best public works companies to take part in our competitive biddings and to quote really low prices. Furthermore, however, there are deeper, structural reasons, like the energy problem. The emphasis we have placed on hydroelectric and atomic energy requires very sizable investment. This costs us a lot of money. For this reason alone we feel that it is impossible to think about going back to investment levels of previous years.

"Secondly, we have made the political decision to put our communications system, or telephones in other words, in order. You cannot talk about a modern country with a telephone system that does not work."

Housing and Maintenance

"Thirdly, we have boosted investment in low-cost housing, through FONAVI [National Housing Fund], which is also figured in as public spending. We hear criticism that it is not enough, but be that as it may, it is still much higher than in any other time in Argentina's history.

"Moreover, we have a different sort of public investment problem: we found a country that was falling apart badly because of insufficient maintenance. We have had to build schools and hospitals and we will have to do a lot more. We have problems in the Sanitation Department: the pipes in the city of Buenos Aires are in an alarming state of decay."

Defense Spending

"Defense spending is relatively high throughout the modern world. This is a result of the latent danger of war all over the world. We cannot conceive of a modern country without sufficient defense capability. Taking public spending as a whole, the Federal Government, plus its agencies, plus the provinces and municipalities, but excluding enterprises, defense spending accounts for 9.3 percent of the total, while education accounts for 16 percent.

"The serious structural problem is the high cost of modern weaponry, which is becoming increasingly sophisticated. Each fighter plane costs more than \$20 million. If we are thinking about missile-carrying vessels, we are talking about more than \$500 million. In order to have a defense system that is more or less in keeping with today's world, Argentina has to spend a great deal of money and be very careful about how it does so, which is not always the case."

Limiting Government Spending

"Limiting government spending depends first of all on a high-level political decision. The issue must be addressed by the nation's president or in the present case, the Military Junta. Thus, a very broad understanding of the entire issue is needed, as well as a very good analysis, to make these high-level decisions. We have made enormous progress in this regard. We have a very well-developed method of assessing the budget in constant terms and as a percentage of the GDP. This enables us to know what we are talking about, to evaluate the various magnitudes and to provide the highest level of government with information so that it can make rational decisions. We also make our investments very efficiently, with emphasis on priorities, profitability, an overview in programming and a timetable for execution."

Decentralization

"Decentralization has led to much greater efficiency. We can see it in the schools that have been transferred and in the Sanitation Department, where we have the case of a province in which it was showing high losses and in less than a year it began showing a profit, simply because the governor took charge since the federal administrator was far away in Buenos Aires and had only a vague idea of what was going on there."

Sale of Properties and Enterprises

"Until 1976, the government sold off practically no properties. The administration of Government Properties, a branch of the Finance Secretariat, just began doing so this year and has so far sold off some 1,000 properties, some small and others relatively large. Oddly enough, by the way, the properties are selling at a very high price, whereas the state-owned enterprises have to be sold at a very low price, dirt-cheap at times, which gives an idea of the country's idiosyncrasies."

Contracting Projects and Services

"Contracting out a public project is a way of making it private. What the government used to do is handed over to a private firm, which does the job and charges for it. More than two-thirds of road maintenance work is done under contract. The Municipality of Buenos Aires is making trash collection a private service and is also returning street-lighting to private hands. A study was conducted on lamp expenditures, the conclusion of which was that the city ought to be lit up like daylight but was instead poorly illuminated. An investigation discovered that personnel would remove the used bulb and put it somewhere else. They would receive the new bulbs and resell them, and thus the city was always poorly lit. This service is now being contracted out to the private sector."

Education

"It is advantageous for the government to subsidize private education. Each student in a private school costs the state one-seventh of what a student costs in a public school. If we cut subsidies, the result is that private education becomes more expensive and exclusive, and we have to cope with more students in public schools."

Making Supervisory Work Private

"An agronomist signing a forestry plan acts practically as a state inspector, because he is directly responsible. In the event that he fails to comply, he could be suspended from the professional registry for up to 5 years. We want to apply this same system to professionals who sign insurance company balance sheets. The signature of a professional must mean something."

Zero-Based Budgeting

"Zero-based budgeting initially requires very intensive consulting and therefore must be started up with small sectors and later extended. We plan to encompass the entire government under a program of no fewer than 5 years."

Pensions

"Pensions are an important public spending item that I want to take up in conclusion. Argentina has an exploding social security system. Our population is growing at 1.75 percent a year, while the nonworking population is increasing at around 5 percent a year. Under the previous government it even increased by 10 percent 1 year. In other words, the proportion of nonworking to working people is increasing all the time. Moreover, we are further broadening the very expensive special arrangements under which people can retire earlier with higher benefits. If this problem is not eventually attacked at its core, it will sooner or later lead to an explosive situation, and this is one of the items on the public spending agenda."

Effort and Perseverance

After some other remarks he said in conclusion: "The course has been charted, and we must persevere in it. We cannot perform miracles. Anyone who promises to cut public spending by 30 percent with some little plan is lying, does not know what he is talking about, is daydreaming or is simply trying to astonish those who do not understand the issue. In this area, I repeat, a great deal of effort and perseverance is needed to achieve small results every day."

Today's Lectures

The deliberations of the First Conference on Industrial Modernization will continue today. Three lectures will be delivered in the morning.

The vice president of the Central Bank, Mr Alejandro Reynal, will speak on "Interest Rates and Credit Risk."

The secretary of communications, Brig Gen Eduardo O. Corrado, will lecture on "Communications as an Industrial Need."

Finally, "Industry and Infrastructure Planning" will be the topic addressed by the secretary of planning of the presidency, Brigadier Jose Miret.

8743

CSO: 3010

MARTINEZ DE HOZ CRITICIZES DETRACTORS OF ECONOMIC POLICIES

Buenos Aires LA OPINION in Spanish 20 Nov 80 p 11.

[Text] Economy Minister Jose Martinez de Hoz yesterday described the liquidation of the Sidesa Bank as one of the positive developments of his tenure. He said that it came about because the bank's directors were guilty of "inappropriate" and "irresponsible" management that "had to be punished in that way."

Martinez de Hoz discussed this issue in a telephone interview in which he also complained about the "obvious desire to distort the facts, since we can see a very well organized and orchestrated campaign in this respect through various opinion media."

The minister also commented on the statements by the president of Fiat of Italy, Giovanni Agnelli, to the effect that the Argentine affiliate is immersed in a "recessionary crisis" that will lead to a "shutdown of production so that it can devote itself to marketing activities." He contended that the Fiat president, who recently said exactly the opposite in Buenos Aires, has to clarify his remarks, which "not only confuse public opinion but do harm as well."

Speaking on Radio El Mundo's "Senoras y Senores" program, Martinez de Hoz contended that the liquidation of the Sidesa Bank "obviously represents the application of the law to a bank that has exceeded the allowed limits in its operations and that has gotten into a situation, through inappropriate and one might even say, irresponsible management, in which it had to be punished in that way."

"We have already said," he added, "that as far as the money market is concerned, we have granted freedom that must be exercised responsibly, and the Central Bank has to be in a position to assure normal operations in this important sector."

Martinez de Hoz then maintained that these things are "portrayed as negative when, in fact, they are not. They are positive because in any adjustment process the good things sift through and the bad things stay behind, and right now we are putting the economy through a sieve; there are very positive things too."

Among these positive developments the minister cited the "record imports of machinery and equipment over the first 6 months of the year," stressing in this regard that these imports accounted for 26 percent of all Argentine purchases overseas, compared to just 15 percent in 1975.

Martinez de Hoz also cited the statistics that showed that the automotive industry "has kept up its pace of activities over the first 9 months of the year, because a record was achieved during the period even though this was the first year in which imports have been brought in" in appreciable amounts.

He then referred to Agnelli's remarks and recalled that the Fiat president had mentioned that there was a recession in the automotive sector in Argentina. The minister then asked: "What recessionary crisis can he be talking about in the Argentine automotive industry when we have just broken the all-time record for automotive output and sales in Argentina?"

After noting that Agnelli's remarks appeared in "a newspaper supplement" along with the story that other multinational automotive companies would also halt production in the country, Martinez de Hoz asked: "How can they be talking about decisions to halt production by the other multinationals when it is public knowledge that Ford, Renault and Volkswagen are pursuing investment programs and we are nearing \$1 billion in investment in the sector for the application of modern technology, which would not have come about without the reform of the automotive industry regulations?"

Martinez de Hoz also asked: "How can we believe that Agnelli would say that his company (Fiat) is going to engage in marketing, when two high-level Fiat and Peugeot officials have asked to meet with me next week to tell me that the two companies have merged to continue producing motor vehicles in Argentina, with major investments?"

The minister voiced the view that "either some opinion media are systematically distorting the facts or a company's people are talking one language in Italy and another when they come to Argentina. It would be a good idea to clear this up, if only because the Argentine Government would like to know with whom it is talking and what language the people who are pursuing economic activities in the country are talking.

"In one way or another," he added, "statements like these not only confuse public opinion but do harm and must be clarified as well.

"We must realize," the minister continued, "that episodes such as these occur in an economic adjustment process that entails the transformation of the structures themselves; on the one hand, we have very positive news and, on the other, developments that could be construed in a negative or positive context depending on the standpoint from which they are viewed.

"In this regard," he continued, "I think that we can see that several sectors are distorting the facts."

In this connection, the nation's economy minister observed that "we can see a very well organized and orchestrated campaign in this respect through various opinion media, which are portraying everything in a way that does not square with the facts.

"In other words," Jose Alfredo Martinez de Hoz pointed out further on, "when you dig up the real facts on this it is one thing, and when you see how they are presented, it is a different thing."

Lastly, the economy minister said in the radio interview that "all discussions to clarify and elucidate are valid."

But "what I think is not so constructive is when there are clear-cut political intentions and the facts are distorted to try and influence what people might say about future developments in Argentina."

In speaking out against this "campaign," Martinez de Hoz said that the intention of the sectors furthering it is "to bring back situations that we consider surmounted once and for all."

As we will recall, last week the head of the Turin automotive firm said that "we have decided on a drastic overhaul of our industrial presence in Argentina, and as of 1981 we will be carrying on only marketing activities."

Elsewhere in his statement, which was reported by an international news agency, Agnelli contended that "similar decisions have been made by the main multi-nationals doing business in that country (Argentina)." The Italian business leader's remarks were made during a Fiat stockholders meeting.

A look at the Italian manufacturer's share in Argentina's automotive sector shows that it has lost ground to the rest of the companies on the market. In 1975 Fiat was number one among the automotive firms; in 1979 it was in third place, behind Ford and Renault.

8743
CSO: 3010

TRADE BALANCE, RESERVES FIGURES SHOW INCREASED DEFICIT

Buenos Aires CLARIN in Spanish 16 Nov 80 pp 4-5

[Text] The foreign trade balance for the first 8 months of the year closed an estimated \$1.024 billion in the red, according to the calculations of the National Statistics and Census Institute and the Central Bank. Information from interior customshouses and air transport operations has yet to be compiled.

These figures confirm the trend noted since the last third of 1979 and run counter to official forecasts (at least in line with recent comments by members of the economic cabinet) that that would be the deficit for the whole of 1980. The explanations voiced at various seminars and to foreign newsmen point to the dropoff in farm supplies prompted by weather conditions, which cut national output by between 6.2 and 6.5 million tons, as the cause of the deficit. They also attach importance to the steep rise in imports, which the aforementioned sectors describe as a generally healthy process to curb inflation, assigning it "a role of some significance" in the nation's new trade context.

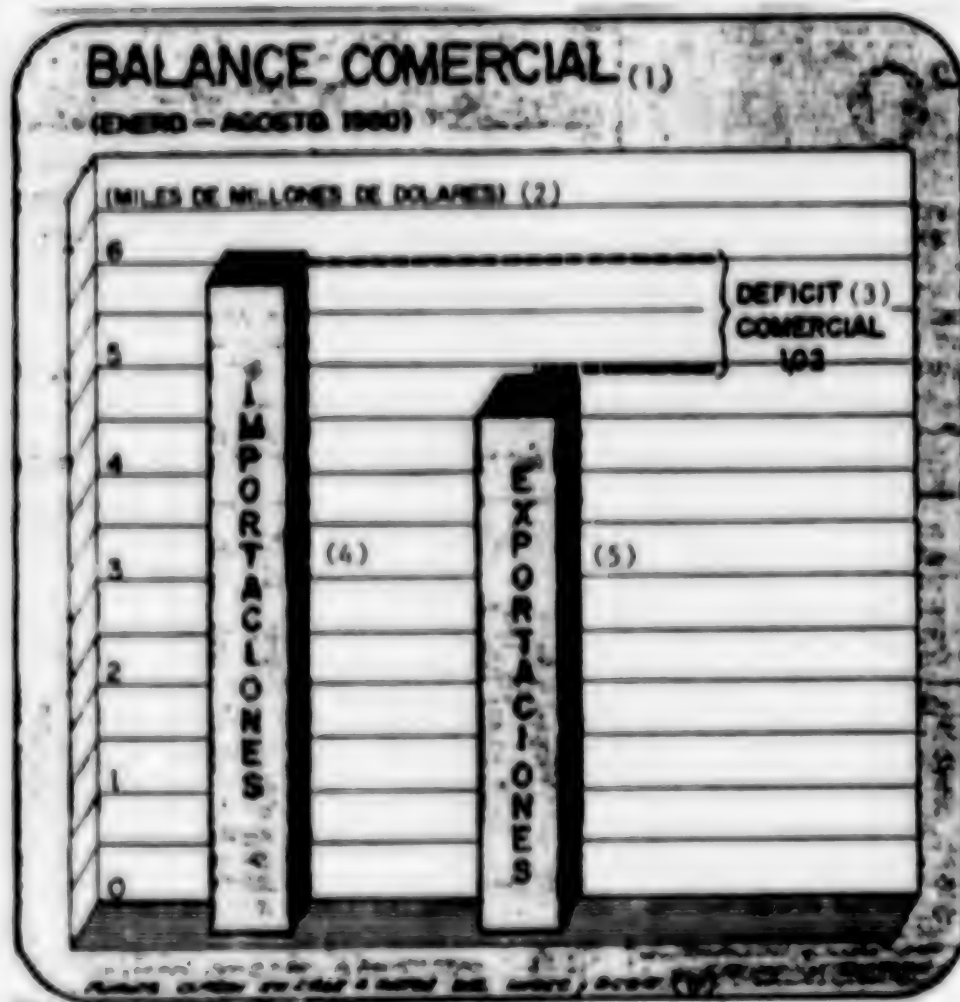
The authorities have advanced another argument to downplay the rise in imports. In talks with foreign correspondents, they have alleged that more than 75 percent of the funds have been earmarked for the purchase of capital and intermediate goods (around 30 and 47 percent, respectively), while describing as unfounded the observation that expenditures for consumer goods are excessive, since they have accounted for only 11.5 percent of total imports.

Worrisome Signs

Above and beyond any value judgments concerning these figures, however, the fact of the matter is that a storm front is on the horizon for the external sector.

The various available assessments indicate that the country's external sector has seemingly been marked by the following developments:

--Foreign trade: From January to August of 1980, the provisional figure for imports was \$6.109 billion, while exports stood at \$5.085 billion. Overseas purchases of fuel accounted for 11.5 percent of total imports, according to information supplied by the Energy Secretariat. Oil imports rose by 22.1 percent in volume and 58.8 percent in value.



Key:

1. Trade balance (January-August 1980)
2. Billions of dollars
3. Trade deficit
4. Imports
5. Exports
6. Source: CLARIN, based on data from the National Statistics and Census Institute and the Central Bank of the Argentine Republic

--International reserves: At the close of the first week of November they reportedly stood at some \$7.85 billion. At the end of last September they amounted to \$9.7 billion.

--Foreign debt: without figuring in interest, it is estimated at between \$23 and \$25 billion.

--Capital outflows: Gross outflows for the January-September 1980 period have reportedly amounted to some \$3.8 billion.

--Tourism and interest: Over the first 9 months of the year there has been an estimated net outflow of around \$2 billion.

If we figure in just these statistics and if the trend in the balance of payments cannot be reversed, we are hard-pressed to agree with the World Bank's forecasts that the overall external sector deficit for this year would hit only \$2.5 billion.

(1) COMERCIO EXTERIOR ARGENTINO (En millones de \$a)			
(2) Año	(3) Exportaciones	Importaciones (4)	Saldo (5)
1976	3.714.0	3.003.0	+ 913.0
1977	5.657.8	4.161.5	+ 1.496.3
1978	6.399.6	3.833.6	+ 2.566.0
1979	7.810.8	6.683.2	+ 1.127.6
1980 (6)	5.085.0	6.109.0	- 1.024.0
(6) Enero-agosto, cifras provisionales. Fuente: INDEC, B.C.R.A. y Clarín. (7)			

Key:

1. Argentine foreign trade (in millions of dollars)
2. Year
3. Exports
4. Imports
5. Balance
6. January-August, provisional figures
7. Source: National Statistics and Census Institute, Central Bank of the Argentine Republic and CLARIN.

8743

C60: 3010

STUDY DETAILS SLOW GROWTH IN AGRICULTURAL SECTOR

Santiago EL MERCURIO in Spanish 2 Dec 80 pp 1, C-6

[Text] The growth rate of the agriculture sector amounted to only 1.7 percent a year between 1978 and the present, according to a study done by Catholic University. The figure falls well below that of the rest of the economy for the same period.

Despite the situation of recent years, average growth in the national agriculture sector amounted to 5.8 percent a year between 1974 and 1978, which is more than twice the percentage recorded for the 1961-1970 period (2.2 percent).

This average was heavily influenced by the high rates registered in 1974 and 1977, 16 and 15 percent, respectively.

Reasons for Stagnation

Why this apparent stagnation in the development of the Chilean agriculture sector after an initial period of growth, and after the implementation of the nation's new economic policy?

The magazine PANORAMA ECONOMICO DE LA AGRICULTURA, published by the Department of Agrarian Economics of the School of Agronomy of the Pontifical Catholic University of Chile, discusses the principal elements of this situation in its November issue this year, and states that the causes are varied, and many of them are inevitably controversial.

Size of Enterprises, Structure of Land Ownership

According to those who are studying the present situation of our national agriculture, an important factor which to a great extent predetermines the sector's reaction to the current economic policy, is the structure of agricultural land ownership.

In 1964, when agrarian reform had not yet begun in our country, businesses with more than 500 hectares (a total of about 6,500) controlled more than 70 percent of agricultural land in this country.

In 1979 enterprises owning more than 500 hectares, although increased in number to 7,761, controlled only 55 percent of the nation's agricultural potential. That is, medium and large holdings, supposedly the most receptive to changes in economic incentives, control only about half of the nation's agricultural land. Two limitations

can be discerned from this situation: one, that small companies do not have the resources to make an about-face from a traditional agriculture to more intensive cultivation in crops such as fruits, exportable vegetables, and beef and dairy cattle, etc.; and two, that the typical size of medium and large holdings seems to be insufficient to take advantage of the economies of scale inherent in the traditional, extensive methods of cultivation.

Relative Importance of Subsectors

Here is the percentage distribution of the value of agricultural production in the different categories, whose development conditions the overall development of the sector:

Categories	76-77	77-78	78-79
Crops	69.0	61.6	63.9
Traditional crops	37.9	26.1	27.4
Vegetables	20.2	22.5	22.4
Fruits	7.1	9.0	8.4
Vineyards	3.8	4.0	5.7
Livestock	31.0	38.4	36.1
Cattle:			
Beef	13.2	16.5	14.8
Dairy	7.6	9.0	8.5
Sheep:			
Meat	1.1	1.5	1.4
Wool	1.2	1.4	1.7
Pigs	2.1	3.1	2.9
Poultry:			
Meat	2.5	3.4	3.8
Eggs	3.3	3.5	3.0

Source: Agriculture Planning Office (ODEPA), Agricultural Reports

According to these figures, even though large amounts of resources have been reassigned to the sector, the traditional categories still account for by far the bulk of national production.

Livestock (meat, milk, eggs and wool) accounts for approximately 40 percent of national production; traditional crops, 25 percent; vegetables, mostly on the domestic market, 20 percent; and fruits and vineyards, 15 percent. Thus, livestock and traditional crop operations have the greatest impact on the development of the sector.

Summary and Conclusions

In the above-mentioned study by the School of Agronomy of Catholic University, the following conclusions about the national agriculture situation are presented:

--The rapid growth of the sector up to 1977 has diminished for the third consecutive year; the average growth rate of the last 3 years is only 1.7 percent;

--Despite the increasing liberalization of the economy in general and agriculture in particular, the sector still depends on the domestic market for 80 percent of its sales;

--Agricultural land ownership is excessively subdivided as a result of agrarian reform;

--Traditional crops and livestock holdings continue to play a key role in the sector's growth rate;

--The profitability of these crops and holdings has generally slackened as a result of a combination of factors such as the trends in international prices, the exchange policy, real increases in energy and labor costs, low competitiveness in the inputs and products markets, and the growing tax burden resulting from higher assessments of agricultural land.

The summary also points out that the profitability of the livestock sector has been helped by the surge in beef prices, a situation which has become more closely related to the current cost of capital. It also says that the profitability of the fruit subsector (which has a great potential for expansion) will continue to be attractive given present price and tax conditions.

Aside from emphasizing the possibility of nationally produced vegetables gaining access to export markets, the conclusions stress the importance of these products for reactivating and then developing the national agriculture sector. This sector must have access to credit with terms and costs compatible with its profits. Its main attractiveness stems from its potential as a source of foreign exchange.

As a complement to the above, the conclusions advocate long-term government regulation of agricultural taxation, and stress the role the state should play in the development of certain technology and technical-economic information.

8926

CSO: 3010

BUDGET EXPENDITURES FOR 1981 OUTLINED

Santiago EL MERCURIO in Spanish 2 Dec 80 pp 1, C-6

[Text] The 1981 budget for the public sector, approved on 28 November by the Government Junta, allots 533.291 billion pesos for expenditures in national currency, and \$2.49 billion to cover expenditures in foreign currency. Expressed in dollar amounts, both figures total \$16.164 billion (about \$1,539 per capita per year, the equivalent of 60,000 pesos). In order to calculate the budget, the price of copper was estimated at US \$0.90 per pound.

This was announced yesterday by the National Budget Director, Juan Carlos Mendez. He released the main provisions of the 1981 National Budget Act, which will be published in the Official Gazette this week.

The public sector mentioned in the act includes the treasury, decentralized institutions (municipalities), the social services sector and public enterprises.

Excluded are state enterprises that are privately regulated, such as National Electric Power, Inc. (ENDESA), the Pacific Steel Company (CAP), the Chilean Electric Company, Ltd. (CHILECTRA), the Chilean Workers Federation (CTCH), the National Sugar Industry (IANSA), the subsidiary corporations of the Production Development Corporation (CORFO), and large sectorial enterprises such as the Copper Corporation (CODELCO) and the State Bank.

"The above," said Mendez, "reflects the economic authorities' decision to place the majority of state enterprises in an autonomous budgetary situation, subject to market forces. In the next few days it will probably be necessary to announce the policies that will govern these enterprises in 1981, especially with regard to what they charge for their services."

Surplus, More Public Spending

The budget director also revealed the following information:

In 1979 and 1980 the national budget has yielded increasing surpluses.

The budget act for next year has accented the exclusion of important state-owned enterprises as a source of income and expenditures. In this manner, there will be greater rationalization and destatization of public activity, and a savings in the national budget. The act identifies public enterprises as the largest sector, and the one which presents the most obstacles to national growth.

In the other sectors included in the national budget, it is felt that a good deal of rationalization has been achieved: the treasury itself does not require more resources; it is under control. The decentralized institutions such as the Agricultural Commerce Enterprise (ECA) have cut down their activities; others, such as the Public Debt Compensation Fund, have ceased to exist. In this sector, only the municipalities (because of their new functions) will require greater expenditures. Finally, the social services sector will require increased spending by the state due to recent reforms, but only for a limited time.

By excluding the large enterprises from the national budget, the government hopes to bolster spending in those areas where the subsidiary principle is fully applicable: new municipal services, the National Minors Service, educational subsidies, social services reform, family allotments, etc.

Social Spending

As of March 1981 the payment of family allotments will be the exclusive domain of the treasury. It is estimated that these payments will amount to 12.5 billion pesos. This measure is designed to phase out over a period of 7 years a tax on wages and salaries amounting to up to 33 percent. From now on, these payments will be financed by general revenues.

Having eliminated this tax, in 1981 the government will devote more than 52 percent of total spending to social expenditures (justice, education, health, etc.). This year that figure was 50.5 percent.

Some items scheduled for increased social spending are:

- Aid to minors in irregular situations will increase by 120 percent over 1980.
- Subsidies to private schools will increase by 90 percent over last year.
- Municipalities which run schools will receive 6.1 billion pesos.

Investment in Roads

The Ministry of Public Works budget will be equal to that of 1980, but it will be allowed to use \$150 million in external credit for the purpose of improving the highway network. It is estimated that \$183 million will be invested in highways, which means a 68 percent growth over the 1980 figure.

Wage and Pension Adjustments

The act envisions just one adjustment in 1981 for public services subject to the Single Remuneration Scale, which will come into effect next August. The adjustment will equal the change in the CPI between October 1980 and July 1981. In the event of a change of more than 16 percent in the CPI before 1 August, the adjustment will be moved up by a month.

Pensioners and public assistance recipients will receive an adjustment pursuant to Decree Laws 2448, 2547 and 3500. This means that if the CPI variations between October and 30 May are 15 percent or less, an adjustment will be made on 1 June 1981. If the change amounts to more than 15 percent before 1 June 1981, the adjustment will be moved up by a month.

EDITORIAL COUNTERS BISHOPS' CALL FOR RETURN OF EXILES

Santiago EL MERCURIO in Spanish 30 Nov 80 p A-3

[Editorial: "Episcopacy and Exile"]

[Text] The Episcopal Conference of Chile, after the Eucharistic Congress, released a document which deals with different episcopal matters. It contains some suggestions which the conference feels would promote the reconciliation of the Chilean people; one of those suggestions is the return of the exiles.

The paragraph in the document referring to that issue does not go into detail, although it specifies some groups that should receive priority. This is not the first time that the episcopal sector has made such a proposal, aside from the testimonials about contacts some bishops had in Europe with groups of exiles in the recent past. Now we are returning to a problem which has been the subject of a constant political campaign by the Marxist left and other cooperating sectors.

We must distinguish between the humanitarian, juridical and political aspects of the exile issue. Of course a certain number of families are in the unhappy situation of being split up as a result of one or more of their members having gone abroad seeking asylum, or pursuant to a judicial order of banishment, or of their own free will. However, in any organized society there are some benefits and rights which take precedence over others. The common good comes before individual needs. It is important for families to be reunited, but when this can harm public order and the security of our citizens, we must conclude that the latter needs are more important than the simple desires of a family.

The government has been cautious in readmitting exiles to national territory. It has looked carefully at their activities prior to and subsequent to the 1973 change of government. Not a few people have already been authorized to return to Chile, although not everyone who wants to return may do so. The Ministry of the Interior applies clear legal regulations to these cases; it is looking out for the peace of mind of the vast majority of the population. Some people think we should forget about the past actions of many exiles, while the leaders of Popular Unity exhort them to return to the country in order to overthrow the government by force.

In addition to the humanitarian or sentimental approach to the exile issue, we must consider the political aspect. Those who lost power 7 years ago want to win it back. Statements by communist and socialist leaders to this effect abound. But the formulation of broad strategies with improvised democratic features is preceded by terrorist activities by exiles who have managed to come back into Chile secretly. The same crimes have reportedly been committed by others with serious criminal records who have even submitted applications at foreign consulates to be admitted here.

Among those who "are not resigned to living outside their homeland" are also those who are inspired by hatred and revenge, the antithesis of the reconciliation sought by the Episcopal Conference. Nor is it proper to revise "sentences or decisions made during moments of crisis," because in addition to the fact that this would counter a judicial fait accompli, an amnesty law has already allowed many exiles to return. The government authorities should continue to act prudently on this matter. The applications of those who deserve to return should be accepted, and the return of those who make no secret of their opposition to national peace and unity should be delayed.

8926

CSO: 3010

BRIEFS

NAVY WARSHIPS--Over a period of 10 years the Chilean shipping industry will have to renovate the majority of the National Navy's units, which are gradually becoming unserviceable. This means that our country will become self-sufficient in warships, because the infrastructure and technology for doing so already exist. This announcement was made at a press conference in this city by the commander of the cruiser "O'Higgins," Capt Franklin Gonzalez Rodriguez. The officer is chief of the Squadron Task Force which is now in Corral. It is made up of the cruiser "O'Higgins" and destroyers "Williams" and "Cochrane." The officer pointed out that "the renovation does not necessarily include all of our units. There is a plan covering approximately 10 years in which the economic and institutional forces will renovate the units that become obsolete. But this does not mean all the units; it will be done in a partial and gradual manner. The purpose of this study and of the naval renovation policy, which is almost completed, is to modernize our equipment, to make our functions more efficient. Asked what are the limitations of our industry in this regard, he replied that "there are some factors, such as the armament systems and some engine parts, for example. The groundwork is being laid," he added, "to build the infrastructure here that will be able to meet the demand. This will be done at Naval Docks and Yards (ASMAR), or perhaps at private shipyards that are interested in the project. We have the capacity here. The technical capacity exists; that is generally accepted. What we need is to implement the material measures necessary to put the plan into effect." [Text] [Santiago EL MERCURIO in Spanish 24 Nov 80 p C-11] 8926

COPPER PROCESSING TECHNOLOGY--The rector of the University of Concepcion, Guillermo Clericus Etchegoyen, at a ceremony to take place Tuesday in Concepcion, will deliver to the Copper Corporation the automation project devised by the university for the Chuquibambilla division. The project, called "Automation of Section 3 Wet Grinding of Concentration Superintendency," was formulated between 1978 and 1980 by a group of specialists in different engineering disciplines, dedicated to the task of providing technical assistance to the productive sector. The group is under the Vice-Rector of Research of the University of Concepcion. The implementation of the new system will mean an increase of between 7 and 11 percent in the production of red copper. According to information given by the university, the system is part of the third phase in a series of four aimed at the automation of the entire grinding plant of the division's concentration plant. The two first phases consisted of a basic study of research and development of the system, and the corresponding technical-economic feasibility study. The automation project involves modern control systems that are being widely adopted in the industry in the processing of minerals. The general acceptance of these systems is the result of a series of technical and economic factors. However, this is the first time a digital computer will be used in

Chile to automatically control the operation of a complex industrial process. To date, this system has been used only by companies in industrial countries, where remarkable results have been obtained. All these considerations prompted the Chuquibambilla division to study the feasibility of incorporating the new technology in the wet grinding of copper ore, and eventually, in a second phase, automating the entire plant. The benefit of the system lies in the fact that in large-capacity concentration plants any increase in recovery or mineral treatment capacity means increases, however small, in economic revenues as well as better utilization of energy by the equipment and the different inputs. [Text] [Santiago EL MERCURIO in Spanish 23 Nov 80 p C-7] 8926

FOREIGN INTEREST IN COPPER DEPOSIT--Several international mining firms have expressed their interest in participating in bidding soon to be opened by the Chilean Government for the development of the Andacollo deposit, reported Mining Minister Carlos Quinones yesterday. In a brief conversation with journalists, the secretary of state said that he has already received messages from different enterprises interested in the mineral deposit. Since 1977, a corporation consisting of the Chilean Government, through the National Mining Enterprise (ENAMI), and the Canadian firm Noranda Mines, have been undertaking explorations and technical-economic studies in the area, and have concluded that the deposit could be developed profitably. "Because Noranda is unable to finance the development, the Chilean Government has decided to call off negotiations and continue freely with the project," explained Minister Quinones. In response to a question about the reason for deciding to call off talks with Noranda instead of looking together for new financial sources, the minister stated that "the Chilean Government has the right to decide what best meets the country's interests." Finally, the minister indicated that the amount which the Chilean Government must reimburse to Noranda as compensation for the expenses that company incurred in prospecting and exploring, is being reviewed. For that reason, no specific figures can be given. In addition, Noranda executives in Chile stressed that the end of negotiations concerning Andacollo does not mean that company will pull out of the country altogether. "We have other, smaller projects in other areas. We will continue to explore new polymetallic mineral deposits," they stated. The largest project Noranda now has in Chile is a deposit of gold and other metals in an area near Andacollo, in the Fourth Region. To date it has invested \$1 million in the exploration phase. It also plans to begin exploratory boring in the southern zone and in another area of the northern region, but the specific sites were not revealed for "strategic reasons," it was explained. [Text] [Santiago EL MERCURIO in Spanish 22 Nov 80 p C-1] 8926

TERRORISTS' RETURN PROHIBITED--The Supreme Court upheld the measure prohibiting the return to Chile of Elsa Erika Arbulo Aguilera and her husband, Guillermo Sotomayor Santander. The couple was accused by authorities of being "activists promoting doctrines that advocate the destruction or violent change of the country's social order and system of government." They were identified as "unconditional elements of the former Popular Unity." Elsa Arbulo and Guillermo Sotomayor submitted applications to return to Chile in Belgium, where they now live. According to information supplied to the high court, the couple participated in terrorist acts in the past. A report submitted to the Supreme Court states that Elsa Erika Arbulo and her husband Guillermo Sotomayor, both 29, were arrested in Valparaiso in May 1974. They were accused of engaging in clandestine activities in the so-called Revolutionary Armed Forces and of being involved in planting bombs in different parts of Valparaiso, Vina and Quilpue. These events allegedly took place in early May 1974. They were convicted of the violation of the State Internal Security Law and the Arms and Explosives Control Law.

Elsa Arbulu received 15 years in jail for these crimes, and 60 days in prison for being an accessory to the crime of falsification, Article 194 of the Penal Code. Guillermo Sotomayor was sentenced to 15 years in jail. The couple took advantage of the provisions of Decree Law 504 in March 1977, and was granted a commutation of the remainder of their sentences by means of banishment. Later they left the country. When the amnesty decree law was signed (number 2191), Elsa Arbulu and Guillermo Sotomayor went to the Chilean Consulate in Antwerp, Belgium, and requested permission to return to the country. The petition was denied because they were considered a security risk. Through a lawyer, the couple appealed for relief in Chilean courts. Their appeal was denied by the Court of Appeals, and the decision was recently upheld by the Supreme Court. [Text] [Santiago EL MERCURIO in Spanish 29 Nov 80 p C-6] 8926

CSO: 3010

PROBLEMS WITH INDUSTRIAL EMULATION RESULTS NOTED

Havana JUVENTUD REBELDE in Spanish 25 Nov 80 p 1

[Article by Pedro Rodriguez Gutierrez]

[Text] Before the third review of special emulation in industrial work recedes too far behind us, we would like to state the following concern, which is not only ours but that of the delegates:

Although there were many fewer this time, various enterprises, brigades and projects in the country still persist in not reporting the results of their work to the National Construction Union. They have not detracted from the success of the brotherly competition, but they are disgracing and demeaning those who hold responsible positions in them.

Why have the civil construction brigades in Las Tunas and Moa not reported? As well as those doing installation work in Villa Clara, Las Tunas and Moa? And those in earth-moving in Havana, Villa Clara and Moa? And the 10th of October thermal power group in Camaguey?

And those at the cold-storage plants in Pinar del Rio, Marianao and East Havana? And those working on the steelworking projects in Villa Clara and Moa? And those at the toilet paper factory in Matanzas? And at the Camaguey meat-processing combine? And at the bagasse-board factory in Ciego de Avila?

As one can see, important industrial work groups are withholding themselves from socialist emulation by not telling what they are doing and how they are doing it. Among those attending the reviews there are those who propose that measures be taken against them and be factors in the next evaluations. For the time being, it was agreed to send them a letter from the union and from the ministry concerning the matter.

It is of great concern, for example, that we are not hearing from the many young people of Moa, one of the regions with the most vigorous industrial growth. There is no word of the work and strenuous effort put forth by so many construction workers.

The extent, difficulties and conditions of their work probably are much more demanding than other subjects of emulation. However, they remain silent.

It is possible, we think, that the financial results for the nickel plant were not good; but why hide them? Perhaps things are not going well in the mechanical combine; will concealing that improve them?

If everything is going better than it was, it is not a good idea to make a secret of men's labors.

Sweat has run from construction workers. Can you imagine the heroic labor performed in Moa? Well, they did not send the National Construction Union the names and biographical data for their most outstanding workers during the third quarter of the year, as they are supposed to. They have kept them anonymous, unfortunately and contrarily.

Of course, the union's emulation office has to make demands; and the workers, with the young people leading the way in this emulative process, must call for an accounting.

Naturally, they have not diminished the joy of beautiful Maria Cristina Carbonell or of other nationally noted workers and brigades, whom we will continue to talk about in our next column, following this critical aside.

9085

CSO: 3010

PREREQUISITES FOR HIGHER EDUCATION

Havana GRANMA in Spanish 10 Nov 80 p 2

[Encapsulated interview with Raiza Haramboursu, secretary of the Havana Entrance Committee, by J. D.]

[Text] The prerequisites for pre-university graduates wishing to enter the higher education level for the 1981-82 school year have been announced by Raiza Haramboursu, secretary of the Havana Entrance Committee.

The following questions and answers are a summary of reporters' exchange with Haramboursu.

[Question] How many academic majors are being offered to the students?

[Answer] The program providing scholarships abroad offers over 100 majors, as does the program involving our domestic higher education centers. There are some majors that are offered to students both in Cuba and abroad.

[Question] Why, then, do they say there are 10 choices?

[Answer] There are two basic processes. The first is for those having a grade average exceeding 92 points. They are offered the complete range of majors, and the student chooses 10 in accordance with his desires.

The second process is for those with fewer than 92 points. It is also for those who made no choice in the first process. In this one, there is a smaller range of majors; but 10 choices are available.

[Question] What average should a student have to request a scholarship abroad?

[Answer] 85 points.

[Question] How is this average determined?

[Answer] It is the arithmetical average of grades obtained in the 10th and 11th grades.

[Question] Are there other requirements?

[Answer] A good socio-political record and not having repeated a grade. They can request a maximum of three majors.

[Question] Can they apply for a scholarship abroad and also to study at a center of higher education?

[Answer] They can apply for only one them, for they're mutually exclusive.

[Question] Which centers of higher education have additional requirements?

[Answer] The majors offered are studied in this country and not abroad. They are offered, requested and granted at the same stage as the foreign scholarships. For example, the military education centers, the National Fishing Institute, the Higher Institute of Art. Concerning prerequisites, they are the same as those for scholarships abroad.

[Question] What is the effect of entry into these programs on desires to enter the national program?

[Answer] Students entering one of these programs naturally no longer have a reason to request entry into another one.

[Question] How are scholarships awarded for study abroad and at the centers of higher education?

[Answer] A list is drawn up for the province, and the scholarships are awarded in accordance with the students' grade averages, political records and, if the particular major calls for it, their aptitudes, as happens in the case of the Higher Institute of Art.

[Question] If a student fails to find a place in one of these programs after having sought one, where does he stand?

[Answer] He will request entry into the national program, suffering no restriction because of his previous attempt.

[Question] Who has the right to take part in the first process for entry into higher education?

[Answer] Any student who has a grade average of 92 or higher for the 10th and 11th grades and the first semester of the 12th grade.

[Question] Is it essential that students make 10 choices?

[Answer] Taking all the choices offered in the first process is to the students' advantage, for they have a better chance of getting something they want.

If the student lists few alternatives, it's possible that he won't be placed in a major he requested, and then he has to go through the second process to request one that is open.

[Question] What about students with a grade average below 92?

[Answer] They will take part in the second process with those who failed to find a major in the first one.

[Question] Are the same majors offered to all the pre-university schools?

[Answer] The national program for majors is the same for all the schools in the city and province of Havana.

[Question] However, they say that there are majors that are granted only to certain pre-university schools.

[Answer] The granting of scholarships is determined by grade average and by socio-political conduct. If a school obtains most of the places in a particular major, it's because its students are higher on the scale than students in other schools.

[Question] Who can request majors in education?

[Answer] The students belonging to the education detachment, if they have a grade average of 80 or higher.

[Question] Are all courses taken in secondary school considered?

[Answer] Yes; and we should make it clear that astronomy will be included in the determination of the grade average.

9085

CSO: 3010

BRIEFS

SIERRA LEONE'S APC OFFICER--Yesterday morning, E. T. Kamara, assistant secretary general of Sierra Leone's All-People's Congress (APC) party, left our country after visiting it at the invitation of our Communist Party's Central Committee. While in our country, the Sierra Leone leader held official talks with Jesus Montane, member of the party Central Committee and chief of its General Department of Foreign Relations. They exchanged views regarding the work done by the two parties and concerning cooperation between the Communist Party and the APC as well as between Sierra Leone and Cuba. Kamara was seen off by Montane and Aramis Fuente [as published] section chief in the General Department of Foreign Relations, Alimany Yamba Komeh, Sierra Leone ambassador to our country, and other party and government officials. [Text] [Havana GRAMMA in Spanish 18 Nov 80 p 3] 9085

SPANISH PARLIAMENTARIANS AT ICAP--Rene Rodriguez, president of the Cuban Institute for Friendship With Peoples, greeted the delegation of members of the Spanish Parliament. Led by Jose Luis Nizdero Aparicio, chairman of the Spanish legislature's committee on emigration, the group also included deputies Jose Vazquez Souz, Nona Ines Vilarino, Antonio Palomares Vinuesa and Martin Rodriguez Contreras. The meeting, which dealt with the Spanish colony living in our country, took place in a cordial, friendly atmosphere. The delegation is being accompanied while here by Mr Manuel Ortiz, the Spanish ambassador to Cuba. [Text] [Havana GRAMMA in Spanish 24 Nov 80 p 3] 9085

NEW ADMINISTRATION PUBLISHES POLICIES, CABINET MEMBERS

New Government Policies

Kingston SUNDAY GLEANER in English 2 Nov 80, Election Feature p III

[Text] The new government by its historical background, by the manifesto of the Jamaica Labour Party, and by pronouncements since election may be described as being committed to a system of free enterprise in a market system of economics, but with the government maintaining control in areas such as public utilities, playing a regulating role in the public and consumer interest and a dynamic role in initiatives towards solving the country's immediate economic problems of shortage of finance, inadequate production and high unemployment.

In terms of solving the country's immediate foreign exchange gap, estimated at approximately U.S.\$1800 million over the next three years (U.S.\$600 million per annum), the party manifesto stated that it is satisfied that it can command the necessary foreign exchange resources to close the gap on terms and conditions beneficial to Jamaica as follows:

- *Additional earnings from non-traditional exports
- *Refinancing/rescheduling of debt
- *Oil support facilities
- *Structural adjustment and balance of payments loans
- * Export development loans
- *Project loans (balance-of-payments portion)
- *Donor countries

Measures to close the local resources gaps in government expenditure will include rigid implementation of cash budgets for Ministries and enterprises to eliminate waste. In general terms, eight objectives and to be given priority viz.

- *Restoration of employment and economic growth -
- *Restoration and expansion of public services
- *Development of the youth and child
- *Development of the rural environment
- * Restoration of security, stability, human rights and confidence in the future of the Nation
- *Development of cultural heritage
- *Balanced foreign policy

The new government will promote export development as a primary thrust of the economy. It will welcome joint venture enterprises between foreign and local entrepreneurs and also plans to establish a Capital Development Bank which will attract investment from major public and private banks locally and overseas for large-scale investments.

Overall, the strategy will be to use the motivational force of incentives combined with a moderate political stance. Thus, while most programmes in the area of trade (particularly exports) and investment should continue and where appropriate be accelerated and expanded, the most evident differences are likely to be in the enhanced climate of entrepreneurial confidence and, hopefully, the achievement of greater practical results.

Fifteen Member Cabinet

Kingston SUNDAY GLEANER in English 2 Nov 80 Election Feature p III

[Text] A 15-MEMBER CABINET appointed by the Prime Minister, the Hon. Edward Seaga, was sworn in at King's House by the Governor-General, the Most. Hon. Florizel Glaspole.

In the new cabinet, Mr. Seaga said he had sought to keep together the "small band" which had operated in Parliament as the Opposition prior to the October 30 general election.

Members of the Cabinet are Mr. Seaga, Prime Minister, Minister of Finance and Planning and Mining and Energy; the Rt. Hon. Hugh Lawson Shearer Deputy Prime Minister and Minister of Foreign Affairs and Foreign Trade; Mr. Douglas Vas Minister of Industry and Commerce; Dr. Percival Broderick, Minister of Agriculture; Dr. Mavis Gilmore Minister of Education; Dr. Kenneth Baugh, Minister of Health; Senator Bruce Golding, Minister of Construction; Mr. Winston Spaulding, Attorney General and Minister of National Security and Justice; Mr. Errol Anderson, Minister of Youth and Community Development; Mr. Parnel

Charles, Minister of Local Government, Mr. J.A. G. Smith, Minister of Labour and the Public Service, Mr. Alva Ross, Minister of Public Utilities and Transport; Mr.

Neville Lewis, Minister of Social Security; Mr. Eric Anthony Abraham, Minister of Tourism; Dr. Ronald Irvine, Minister without Portfolio.

Four Ministers of State (who are not members of the Cabinet) were also sworn in. They are: Miss Enid Bennett, who will be attached to the Ministry of Local Government; Dr. Neville Gallimore, who will be attached to the Ministry of Foreign Affairs; Mr. Leonard Kirby, who will be assigned to the Ministry of Social Security; and Mr. E.K. Powell who will be attached to the Ministry of Public Utilities.

Dr. Irvine and Mr. Golding, Chairman and General Secretary respectively of the governing Jamaica Labour Party, will resume membership of the Senate. All other members of the Cabinet and the Ministers of State were victorious as candidates for the House of Representatives in the General Election.

The new Cabinet Ministers first took the Oath of Allegiance, then the Oath of Office, after which they were handed the Instruments of Authority.

In an address after the swearing in ceremony had been completed, Mr. Glaspole wished them success and said that he prayed that their hard work, sweat and toil would be rewarded and that they would see the results of their labour steadily rising

before the eyes of the nation.

"If you succeed in this great task that lies ahead of you, our country will be everlastingly grateful and history will call you blessed," the Governor General said.



THE NEW CABINET after being sworn in. In front row (from left) are: Dr. Ronald Irvine, Mr. Pearnel Charles, Dr. Percy Broderick, Prime Minister Edward Seaga, the Rt. Hon. Hugh Shearer, Dr. Mavis Gilmour and Mr. Anthony Abrahams. Middle row (from left): Mr. Neville Lewis, Mr. Winston Spaulding, Mr. Douglas Vaz, Mr. Alva Rose and Dr. Kenneth Baugh. Back row (from left): Mr. J. A. G. Smith, Mr. Errol Anderson and Mr. Bruce Golding.

FOREIGN CAPITAL WELCOMED, INVESTMENT OPPORTUNITIES OUTLINED

Bermuda ROYAL GAZETTE 4 Dec 80 Special Supplement pp 6, 15

[Article from Special Supplement entitled: "Jamaica Exports"]

[Text] **WITH ITS STRATEGIC** geographical location at the hub of the Caribbean, Jamaica is ideally suited for investment by overseas capital, particularly for ventures aimed at export markets of the United States, Central and South America, as well as in the countries of the European Economic Community.

Foreign investment, mainly from the United States of America but in lesser degree from the United Kingdom and Canada, has made a significant contribution to Jamaica's industrial and economic development since the mid-1950's and the Governments of the day continue to welcome foreign investment into the country.

This welcome has been expressed and reiterated on more than one occasion in various forums.

POLICY

An official policy statement on foreign investment sets out the present measures and guide-lines relating to private foreign investment and highlights the importance which is attached to export-oriented ventures. The main features of this policy are:

- Non-resident investors are allowed to bring machinery and equipment into Jamaica as a share of equity.
- Management skills may be provided by the overseas partner in special circumstances.
- Export-oriented investments may be 100% foreign owned and can be located in the Kingston Free Zone which adjoins the island's major local shipping and trans-shipment port.
- Joint ventures with local interests, whether in the public or private sectors, are encouraged.

- Foreign capital, which is duly registered with the Bank of Jamaica, may be repatriated.

- Approval for repatriation of dividends arising from duly-registered foreign investment will be granted upon application to the Bank of Jamaica.

Registration of foreign investment may be made by application to the Bank of Jamaica with relevant details and will normally be approved provided it is in a category available for non-resident investment (see "Areas of Investment" below) and provided the non-resident investor pays for his investment with foreign exchange.

Non-resident investors are required to incorporate local subsidiaries instead of branch offices.

Application may be also be made through contact with Jamaica High Commissions and Embassies.

TAXATION

Company Profits Tax is payable by bodies corporate except insofar as waivers or holidays are granted as indicated below. Normal rates range from 25% to 35% according to the nature of the business and share-structure, agricultural companies being the lowest and private companies being higher.

There is also an additional COMPANY PROFITS TAX of 15% on all income except dividends received from Jamaican companies liable to profit tax. These dividends are subject to income tax at 37½%.

Approved non-resident investments can remit profits and dividends as long as audited accounts are presented along with certification of the payment of WITHHOLDING TAX. Withholding Tax amounts to 37½% in the case of dividends (except for reliefs granted).

Interest to non-residents, royalties and annuities are also payable, provided, Withholding Tax of 12½% has been certified as duly paid. Payments for industrial or commercial advice, management or technical services and hire of plant and equipment attract rates ranging from 12½% to 25%.

Income tax is payable on a graduated scale from 30% on the first \$7,000 of chargeable income up to a minimum of 57.5% on chargeable income in excess of \$14,000 as from January 1980.

There are various tax-credits available (equivalent to deduction for personal allowances) for wife, children, insurance, medical expenses and so on.

INCENTIVES

A wide range of incentives is available to approved enterprises. These include.

- Full exemption from income tax, customs and consumption duty on equipment and machinery.

- Exemption of raw materials from customs duty.

In the case of companies producing for local and other markets, the above exemptions are available for periods of five, seven or nine years, depending on the level of the local value-added in the operations.

In the case of companies producing wholly for extra-regional markets, exemptions are available for periods of ten years.

Exemption is also available from income tax on dividends distributed during the tax holiday.

In addition, an enterprise which has either never been approved for these benefits or which has come to the end of any tax holiday, may be granted partial exemption from liability to pay income tax on profits earned in relation to its export performance.

The level of relief is based on a percentage of export profits to total profits and provides for income tax relief up to a maximum of 50% of tax chargeable in relation to the quantum of export profits.

This relief is available for ten years in the first instance and is renewable for further periods.

AREAS OF INVESTMENT

Investment is especially welcome for export in areas such as garment-manufacturing, food-processing, textiles, leather and footwear products, metal fabrication and various other light industries. Further information on this is available from the Jamaica Industrial Development Corporation, an official agency of Government.

The Government provides a wide range of technical services to assist the non-resident investor. Training and technical assistance in certain areas are some of the services provided by the J.I.D.C.

Other Government agencies which serve in these areas include the Jamaica Development Bank, which assists with capital; the Jamaica National Export Corporation, which assists in overseas sales.

Jamaica already enjoys a fair amount of investment in the fields of bauxite-mining and alumina processing, the hotel industry, banking, insurance and in some of the manufacturing areas mentioned previously.

The Kingston Free Zone to which reference has been made, is an export-oriented industrial and commercial complex which offers investors an opportunity to operate a manufacturing plant, warehouse, assembly or packaging facility and re-distribution centre.

Operators within the Free Zone are beneficiaries under the Export Industry Encouragement Act (which incorporates the investment benefits listed above). In addition, they are exempt from import and export licensing and work permit fees.

INVESTMENT CLIMATE

There is a revival of interest and activity in the island's garment industry, with garment-manufacturers in the United States taking a renewed look at the island as a base for offshore operations for re-export to the mainland.

Arrangements have been made for the expansion of existing bauxite-alumina plant in Jamaica and there is a prospect of another alumina plant being built in the island, adding to those already being operated by local affiliates of Alcan, Alcoa, Kaiser and Reynolds, the North American giants of the aluminium industry.

The recent decision by the American state agency, the Overseas Private Investment Corporation, to restore its insurance coverage of U.S. investment in the island, should give new stimulus to the inflow of U.S. capital into the country.

LABOUR FORCE

Jamaica has a large English-speaking labour force which is highly-adaptable to skill-training; and labour rates are attractive. There are in place all the facilities for doing business: banking and finance, shipping and air services, legal and consultancy services, public utilities and infra-structure.

Altogether, investing in Jamaica can be a mutually rewarding exercise, with its additional advantages of operating in an environment in which the interests of all parties are respected and assured.

PUBLICATIONS

Publications which the potential foreign investor might find useful to read include -

"Foreign Investment - A Statement of Policy", published for the Ministry of Industry & Commerce by the Agency for Public Information, 58a Half-Way Tree Road, Kingston 10, Jamaica.

"Foreign Investment in Jamaica", published by the Ministry of Foreign Affairs, Marcus Garvey Building, Knutsford Boulevard, Kingston 10, Jamaica.

"Kingston Free Zone Handbook", available from the Kingston Free Zone, 27 Shannon Avenue, Kingston 11, Jamaica.

Jamaica High Commissions, Embassies and Consulates will assist in obtaining these publications.

IAPA ATTACKED BY COUNCIL OF STATE, DEFENDED BY 'LA PRENSA'

Accusations Against JGRN Condemned

Managua LA PRENSA in Spanish 29 Oct 80 p 2

[Text] We have received the following pronouncement by the Council of State against the IAPA:

Considering

- I. That the Nicaraguan people have through a long struggle achieved their freedom and won the right to issue their own laws and decrees.
- II. That the Sandinist Popular Revolution guarantees freedom of the press and safeguards a democratic, popular and anti-imperialist information policy.
- III. That the IAPA is conducting a systematic campaign of attacks against the Sandinist Popular Revolution and its victories.
- IV. That the IAPA's interpellation of the National Reconstruction Government's and Council of State's communications policy is an open intrusion based solely and exclusively on the views of one person, lawyer Pedro Joaquín Chamorro Barrios.
- V. That the IAPA defends the freedom of enterprises but not the freedom of expression.

Resolves

- I. To condemn and reject energetically the interventionist and meddling intents of the IAPA.
- II. To declare to be without basis the accusations disseminated to the world by the IAPA against the National Reconstruction Government.
- III. To recommend to the IAPA that when it speaks of Nicaragua it do so on the basis of objective reports on our reality, such as will enable it to form its own opinion and to thus not be the spokesman for the partisan opinion of one person or of one specific organ of the mass media.

Directorate of the Council of State,

Commander of the Revolution Carlos Nunez Tellez, President of the Council of State
Comrade Luis Sanchez, Secretary
Guerrilla Commander Hugo Torres Jimenez, Secretary
Comrade Carlos Garcia C., Secretary

Chamorro Answers JGRN Pronouncement

Managua LA PRENSA in Spanish 29 Oct 80 p 2

[Commentary by Pedro Chamorro: "Reply to Council of State"]

[Text] I have read a pronouncement against the IAPA [Inter-American Press Association] issued by yourselves, labeling this institution as "interventionist" and alluding to me personally in that your pronouncement states that IAPA's interpellation is based on a report in LA PRENSA which I wrote.

To clarify things somewhat I shall comment on certain aspects of your fervid pronouncement of condemnation, trusting that appropriate corrective steps will be taken to ensure that the next report to the IAPA will be favorable to our revolutionary process.

You refer to the fact that "the Nicaraguan people have won the right to issue their own laws and decrees."

Question: Were the "Nicaraguan people" consulted as to limiting their right to be freely informed as has been done in many restrictive areas covered under Decrees 511 and 512? And if they were not consulted...under what authority did you take away their right to be freely informed, in open violation of the Basic Statute of the State, which guarantees the "unrestricted freedom of the press"?

You refer to the fact that "the IAPA is conducting a systematic campaign against the Sandinist Popular Revolution and its victories." It appears to me that this ascribes to great a capability to the IAPA an organization consisting of over 1,000 members from all parts of the continent who, at most, see each other once a year for a period of 4 days. Besides: When has the IAPA, as an organization, ever leveled the least attack against the Revolution? The only thing it has done is ask for the elimination of the decrees that restrict the freedom of the press. In your opinions, Honorable Councillors, are these decrees "the victories of the Sandinist Popular Revolution"? If they are: Could we then say that in Nicaragua "victories by decree" are being achieved?

You say "the IAPA's interpellation is based exclusively on my personal opinion." In this, sirs, you are flatly mistaken. The interpellation rests on three official documents: the Basic Statute of the State that guarantees a supposed freedom of the press, two decrees that restrict it and that were read word for word in the IAPA, and a pronouncement by the JGRN [National Reconstruction Government Junta].

There are here only two alternatives for there to be congruency "of word and deed," as the saying goes: either the decrees must be rescinded, though it seems they have already been catalogued as "a victory of the people," or the Basic Statute must be modified to guarantee a "restricted" freedom of the press in place of an "unrestricted" one. I submit to yourselves this draft wording: "Guaranteed is a 'restricted' freedom of the press within the limits established by Decrees 511 and 512 and by the JGRN pronouncement, which embodies the extensive term 'etc'."

And to further clarify "my personal views," I ask you: Was I perhaps the unfortunate inventor of Decrees 511 and 512? Is it or is it not a fact that these decrees restrict freedom of expression in many areas that are important to journalism and compel journalists to adopt a system of self-censorship, submitting their reports to "consultation" under pain of violating the laws that limit freedom of the press?

If this is not true... Why then were we explicitly forbidden to report on the events of Bluefields?

How ridiculous it is to read in your pronouncement: "To declare to be without basis the accusations disseminated to the world by the IAPA against the National Reconstruction Government."

In the first place, the accusations are in your own minds, because there are none in the IAPA's official resolutions. The only thing the IAPA did was to request the derogation of Decrees 511 and 512 in view of the contradiction with the Basic Statute of Guarantees. And it has done this because it is an organization that concerns itself with the freedom of the press throughout the continent and in every sense of the term. It is compelled to do this on principle, independently of the kind of government that rules in each country.

Finally, the Council of State's document recommends to the IAPA that "when it speaks of Nicaragua it do so on the basis of objective reports on our reality, such as will enable it to form its own opinion and to thus not be the spokesman for the partisan opinion of one person or of one specific organ of the mass media."

This calls for only two comments: You could suggest to the daily BARRICADA that it join the IAPA so as to convey to it the "objective version of our reality"; or, to avoid the appearance of an official voice and seem more like "an independent newspaper," it could be EL NUEVO DIARIO. How about it?

Lastly: What other more objective report on our reality can be furnished to the IAPA than our Basic Statute of Rights and Guarantees and Decrees 511 and 512?

9238

CSO: 3010

ROLE OF FINANCE SECTOR IN NATIONAL ECONOMY DEFINED

Managua BARRICADA in Spanish 24 Nov 80 p 3

[Text] Because we regard it as of the greatest interest to our readers, especially all of the state workers and those in the financial area, we urge a discussion of this important speech by Commander of the Revolution and Minister of Planning Henry Ruiz. This address was delivered by Commander Ruiz last Sunday, 16 November, to the technicians and workers at the Nicaraguan Financial Corporation (CORFIN) at the conclusion of a seminar.

To these dead, our dead, we swear that we will triumph. How can this slogan be related to the current tasks of the revolution, and how can we make it felt in the same way it was felt by the combatants in the war trenches, in the way that it beat in the hearts of these fighters? Also, how can we make it beat in the hearts of these employees of the CORFIN, how can we make them feel again the emotion in their breasts in remembering the brothers who fell throughout our struggle? How can we insure that the workers and employees of the CORFIN will feel as intensely as we did in those early days? In no way have we left the trenches, just as battle and the war continue. It is only that the tasks have changed, and do not exclude the possibility of aggression, the possibility of a counterrevolution which can take us back again to armed combat.

But this time, rather than speaking of this possibility of defending the power won thanks to the blood of the workers, we want to talk of the tasks of reconstruction. We want to avoid the possibility of destruction and stress rather the task of national reconstruction. The recent events, encouraged from abroad, in an attempt to push our country toward force again, to interrupt the effort of the revolutionary government and our people to rebuild the fatherland, wounded and destroyed by war, are well known.

What then is the role which falls to us, not from the point of view of revolutionary guidance now, but from the point of view of the state workers? What is the role which falls to us from the point of view of national planning and the role which falls to the CORFIN workers? Can we continue to conceive of ourselves as an elite within the great mass of workers, to continue to regard or view ourselves as we appear to bourgeoisie, as stiff-necked people? Can we continue to imagine that we are the wheedling working tool for dominating those who really make the effort, through their sweat, to produce the goods for our country?

The Front Lines of Labor

What then is the role of our central state workers, what is the role of you as workers at CORFIN? Can we continue to maintain the isolation, the class differences, because of the fact of having specialized training in the financial system, or must we resume the vigor of the revolution, the vitality of the workers, and take our place with them in the trenches at the combat front, attacking the first tasks of the revolution? Because of the historic sense our people have, we are perfectly aware that our role too is to occupy the labor trenches at the front. We have been holding continuous seminars and these seminars do not have the propaganda purpose of promulgating the image of the revolution, or winning points so as to say that the revolution is advancing. Instead their purpose is to incorporate all of the productive forces in the country, all of the forces which support the development of the country in the process of the revolution. The differentiation still existing between the technicians and the workers, the separation there is between the managers and the workers in the productive area, are known. The battle between the banking and financial mechanisms and the new demands posed by the national economy is known. We have created the people's ownership area (APP), and as has been explained, this is the product of the assets confiscated from the Somoza family and its acolytes, as well as the lackeys who functioned behind the scenes in the regime. But the revolutionary leadership was faced with a choice at the beginning, concerning the former Somoza assets: to leave them free, to turn them over to the private sector, or to establish an ownership sector which would allow recovery of the national economy.

Consolidation of Assets

To those who have asked us if the people's ownership area is badly managed, if we should not return these assets to private owners--to the gentlemen interested in this question, interested in obtaining a response in connection with their anticipation of hesitation in the revolutionary leadership, we must give a categorical answer. The people's ownership sector must be consolidated, must be strengthened, must be developed and expanded. But not because there are current administrative difficulties, not because we have problems in management or leadership (logical, moreover, in a period of 15 months), and it is not because there are one or two inefficient administrators that the revolution should return these assets to the private sector. It is not a problem of efficiency for its own sake, nor a problem of productivity for the sake of productivity. It is a question of efficiency and productivity with regard to our people, with regard to the working masses, and it is in this respect that the priority of consolidating the people's ownership sector appears on the agenda.

Guiding Axis of the Economy

We may have difficulties, but we are obligated to consolidate the people's ownership sector. This is the basic problem in planning--having a mixed economy but one with a planning center.

We could put it in another way. It is the problem of a multistructural economy, but not because there are different structures--private structures and social structures--which have their own logic and their own difficulties and problems--this is no reason for the revolution to have to foresee the loss of the social

sector. This complex multiple sector of mixed areas including the private and the social requires that we plan in two senses: programming, planning as such, and another type of an indicative nature. But we must also take into account the fact that one of them is subordinate to the other, and that the people's ownership sector is the guiding axis of the national economy. It cannot be otherwise. There can be no free play between the two spheres of ownership, no free play between state ownership and private ownership, no free path or liberal attitude toward the property of the people and private property. Both must be planned in accordance with different methods, but both must be planned on the basis of the interests of our people.

There was a revolution here, and our people showed their will to triumph and to alter their fate. And this legacy must not be forgotten, however scientific we want to make this allocation, and I must use this term in order to deprecate, to some extent, those who want by means of theory to show us that we should leave the path free here for arbitrary interaction between private ownership and state ownership.

Economic Planning and the Will of Man

However, these phenomena, the phenomena which occur within the private sector, just like those which occur within the state sector, are objective phenomena. They are not phenomena born exclusively of the will of men, but phenomena which develop in accordance with their own laws. Then, one must ask, where does the possibility for the revolutionary state to plan lie? Any planning which attempts to join together the resources, forces and dynamics of society in terms of a political goal must seek to establish what these levers are, and one of the basic levers of planning currently is made up of the financial system, banking and credit. Thus, if you will allow me, I can make a link with the slogan: "To these, our dead, we swear that we will triumph." We say that the financial system is one of the main levers of planning, levers for the planning of a multistructural economy, and this means that the workers at the CORFIN, in the National Financial System, play a role in this first slogan. It is not solely a problem of conception, for we may have a correct concept of the economy and a correct concept of planning, but the exercise of leadership depends on the will of men, and it is this which we wish to stress with the workers of the CORFIN. Currently you occupy one of the main trenches of the revolution. You constitute one of the main outer lines of battle, and this requires that you be keenly aware of your role. It obligates you to contemplate the past and the present properly and to foresee the future of the revolution. It makes it necessary for you to think about the course of the revolution and to show your will to our people.

It is still possible at the present level of the struggle, the present level of the class struggle, for misunderstandings between the proletariat and the technicians to occur. It is possible for negative conduct to develop among the state workers themselves, due to certain misunderstandings, certain attitudes, which must be overcome to the extent that we believe that we are the servants of the people, and that the most capable must share their knowledge. We must understand the stage through which we are passing, because it is you who are on the front lines of the battle who handle financial and bank credit, since the banking mechanisms have such vital importance in planning. On the one hand you allocate credit, on the other you follow it through.

Present Dynamics of the Financial System

What has the problem been in these first 15 months of the revolution? What has the problem within the National Financial System been? We have had a high volume of financing and little control, for financial outlays have been voluminous but repayments have not shown the dynamics we expected. There has been some effort to hinder the banking mechanisms, and some desire to manage bank credit liberally, and this has had its repercussions within the national economy. For just as other comrades have said during these seminar programs, we obtain the financial resources from our exports, foreign credit, and the savings of our people, and this gives us a financial mass which we cannot utilize liberally or foolishly, at the whim of any economic desire. There must be financial planning for this mass, because if we deal rashly with foreign financing, we fall into the trap of indebtedness, and if we are careless with domestic financing, we encounter the risks of inflation. Thus the foreign financial resources and domestic financial resources must be reconciled with the economic programs of the country.

How to capitalize the state ownership sector, then: how to insure that the social ownership sector develops, becomes productive and efficient? The revolutionaries say that when the slaves are made free, they want to be absolutely free. They say that being freed of their shackles produces euphoria in the slaves, and it is also understandable that our workers, enslaved for centuries, want to be absolutely free. It is also understandable that the limited experience in the administration of a state forces us to do a number of things which although the will is laudable, are not the most desirable at this moment for the national economy. Often there are no programs, due to lack of planning, so a request is made for foreign financing, the CORFIN is urged to provide that financing. Inventories are purchased and machinery produced, and all of this is done without any financing plan.

Single Economic Leadership

It is all done out of good will. No one is acting in bad faith, for the enterprise managers, the administrators, the directors in the productive sector--all want to do their best for the revolution, but the problem is to know how to reconcile all of these orientations. On the one hand the COIP wants to do something, the CORCOP wants to do something else, and again the INRA [National Institute for Agrarian Reform] has another plan. Transportation for its part wants to do one thing, construction for its part something else, and again the INE wants a third project. They all want to proceed in their own spheres of activity and they want to do so in a profoundly dynamic revolutionary process. It is not a question of ill will, for there are interinstitutional intersections and overlapping which multiply not only the financial budget but the current expenditures of the state. When the CORFIN falls short, the finance ministry helps; when it falls short, the central bank provides assistance. There is a financial budget axis which runs through the national economy, but neither the budget-financial area nor the productive sector nor the market and services sector can act independent of the others. Thus the concept of unity in planning is a doctrinary principle in this economy. There must be a single direction for the economy, there must be unity in planning, and just as there is central unity there is therefore a central office. It is here, then, that the role of the financial system comes in.

In the past the financial system had different credit principles from those it currently has. In the past if credit involved a financial risk for the bank, the loan was not granted. Now credit has another meaning, serving the purpose of developing the economic programs of the revolution. And developing the economic programs of the revolution means, therefore, benefiting our people. But having changed the philosophy of credit is one thing, and leaving the bank control mechanisms free is another. In the APP, which is the area we should have under firmest control, for example, there is financial confusion. But it is the confusion of the early months, and for the bourgeoisie to say that we are incapable of directing the economy is one thing, and the fact that we are aware of the course of the economy is another. The waste which often occurs is one thing, and the plunder which occurred in the past is another. These are two different factors. We are concerned about what will happen in this country, for we are administering and we want to be independent, we want to consolidate the sovereignty of this people. And for us to be told that there is financial confusion as well as administrative problems and low productivity, and that therefore they should again become the masters of these means of production is another. The men of the past want to go back along a different path, and the revolutionary state will not allow this.

One of the great levers available to the national economy, one of the great strengths it has, is the financial system. And once again, brother workers in the financial system, I ask you to contemplate your role as workers. You will be less "stiff necked," but historically, as men, you will be more fulfilled, more Nicaraguan, more sovereign masters of your fate. It is an historic cost: first of all, there is the problem of selling one's birthright for a mess of pottage, and secondly the matter of assuming risks in order to be really free, truly men. In this regard you have your own word, your own will.

The Role of the Bank in Planning

How then does the bank play its role in the state sector? It does so in that it can have financial planning adapted to the productive plan, and the production volumes have costs and profits, and if we know exactly what the cost structure is and what the profit margin is, we can truly plan financially. Through the APP this is a direct lever, financial planning is carried out and planning financially is possible.

One of the problems this year has been the allocation of credit. We have allocated credit with rapid recovery funds for long-term investments, but we will be correcting this. Possibly in the coming year, with the financial structure we have and taking this whole problem into account, it will be necessary to create an accumulations fund. We must manage long-term credit, we must manage short-term credit and its recovery. In other words, the revolution is not asleep, the revolution is aware of the problems and trying to find an answer to them. But not in the sense of those who predict that we will collapse, that the economic apocalypse will come. These are the predictions of a displaced class, this is the impotence of defeat.

Dreams of Those Out of Power

But we know that there are problems, and in this connection we are not asleep. And if the counterrevolution does not sleep, we could say that the revolution never has. Thus these problems, this broad and sizable complex of problems, will be better resolved to the extent that the state workers, the workers in the financial system, contribute to this process.

This will be true to the extent that they do not become a hindrance, but rather strengthen the positive development of the problems. This is the role of the workers in the financial system, this is the force they must put to work, for their task is no longer simple calculation, accounting or the projection of payments balances. Now it is necessary to think, to foresee, to approach the future and assess reality, and this work does not fall exclusively to the central leadership of the revolution.

This depends on the labor of the workers, the effort of the workers, the will of the workers, and it is within this framework that you have your proper place. We have said that the financial lever in the people's ownership sector is direct, but in the private sector it is indirect.

People's Interests Have Priority

It is indirect because on the basis of planning, the revolution can say what must be produced in our country. Here then there is no place for the desire to establish some industry because it is in fashion beyond our frontiers. Here there are production priorities, and there are priorities because our people are the priority for our revolution, and there are priorities because there are workers who still do not earn even a wage allowing reproduction. There are peasants who because of the level of economic development are on the frontiers of development. There are peasants who plant by hand and who have only half or two-thirds enough for their annual support, and they go out and offer their labor force freely for sale. And these peasants are Nicaraguans and they had hope. Many of them fought in the mountains with us, many of them are the martyrs of the revolution, many of them are not remembered like Carlos, but they had the same will to win, and this means priorities within the national economy. We cannot come forth with excellent programs, however beautiful they seem, if they lie outside the current order of priorities for the revolution. In capitalism there are investments even for pornography. There are investments and even forms of accumulation based on theft and plunder. There are accumulations in some countries in South America which are acquired through traffic in cocaine and marihuana. It would be profitable for us to enter into negotiations of this sort, and it might be attractive to deal on the black market, and it could be very profitable to manage the houses of prostitution which still exist in our country. In the European countries there is financing even for the production of birth control products, and probably someone would tell us that an investment of this sort would be profitable for us. But the priorities of our people are different. The priorities of this people are to eat, to clothe themselves and to be able to get an education. Social costs have increased, and therefore state investments have increased. This is the basis of the priorities, and it is for this reason that the private sector must understand this problem properly. When we shut down Central American imports, the cry went up that it would not be impossible to import here even deodorant and talcum powder any more. Other wild things were said, but they forgot that a part of these industries were shut down again at the time. They did not see the firm will of the revolution to revive them and provide them with a domestic market, the desire of the revolutionary process to find markets for the goods and products they turned out. No, they saw that communism was developing here, that the frontier was being closed, that there was Stalinist planning. An effort was made to challenge the good will of the revolution.

National Unity--A Real Need

We have said that the shoe industry is being reactivated, that we are interested in reviving and developing the textile industry, the chemical industry, those which produce the supplies necessary for agriculture. But there are those who are waiting to see if we will purchase or not, waiting to see if we will confiscate or not, and they forget that financial credit is needed. We have expanded financial credit and we have not done so only for political reasons, but for economic reasons as well, and these are the two elements which describe the development of society. There are economic needs but there are also political needs. There is a need for national unity, and this national unity has a real context, an objective goal. This objective goal is in the economy, in the social production relations, in two sectors which cannot develop social production relations different one from the other. It is here that the skill of the Nicaraguan revolution lies, in establishing the situation resulting from these two production relations in that development, in the private sector on the one hand and in the state or social sector on the other. We cannot have privileged workers on the one hand and slaves on the other. We must have a Nicaraguan and patriotic working mass which is the master of its own fate. Then production relations, the social production relations, must also be homogeneous. This is the basic contradiction, this is the basic thing to be resolved, and the National Financial System is a lever for this response. Thus, fulfilling a duty to the private sector and fulfilling a duty to the state sector, there are some, it is said, who are privileged workers in the revolution, but this privilege is that of the vanguard, a privilege earned by sacrifice, self-denial and determination.

The Pledge of the Financial Technicians

It is not enough to realize the power you have in your hands, the power which makes you a lever in the national economy. It is not enough to be important to the economy, to be aware of this, for one must also realize it is necessary to do the best for the good of all people. There is a technical process for doing so, but there is a political process of understanding. It is frequently said, and not without reason, that the workers in the financial system are highly skilled, and in truth they are. However, they are Nicaraguans, and so too are the neglected peasants in this country. The prostitutes who still sell themselves for scraps of bread to survive are also Nicaraguans, and so too are those we are incorporating into our rehabilitation programs, the children whom we have not even been able to see because they are in the most distant corners of the plateau. You then are highly competent, and you are located on a high level in the economy. And you are Nicaraguans and we are speaking of changing social structures, while many times we forget that change has to reach in depth and to all levels. Thus your importance is established, but you must see your importance within the revolution. It is not a problem of seminars, therefore, but understanding in detail the complex problems of the financial system and of the economy. It is also a problem of how to incorporate oneself as a force, as a positive vector, in the response to these problems. In other words, it is a problem of the entire awareness of Nicaraguans, of you our brothers, workers in the National Financial System.

POLITICIZATION OF CHRISTMAS CELEBRATIONS SCORED

Managua LA PRENSA in Spanish 29 Nov 80 p 2

[Commentary by the Center of Religious Studies: "The Sandinist Christmas Season"]

[Text] After reading of the Sandinist Government's plans for celebrating the Christmas season this year, we have the following comments to make concerning them:

1. In the first place, it is up to the various churches to organize the celebrations of religious feasts, especially since the current government has declared itself a lay government and has proclaimed the separation of church and state. When the state invades the church's sphere in something so essential as celebrating the birth of Our Lord Jesus Christ, we cannot but examine this development on an in-depth, critical basis in the attempt to discover what motivations a lay state might have in so doing.

2. From a political standpoint, we think that this state celebration violates Article 5 of the Official Communiqué of the FSLN [Sandinist National Liberation Front] National Directorate on religion, which says in part: "We feel that such respect should be expressed not only by guaranteeing the conditions in which these traditions can be freely observed but also by /not utilizing them for petty political or commercial purposes/ [in boldface]. If in the future any Sandinist strays from this principle, we are giving notice right now that he does not represent the FSLN in so doing.

It also violates Principle 9 of the same communiqué, which reads: To the revolutionary state religion is a personal matter that is of concern to individuals, churches and private associations that organize for religious purposes. Like every modern state, the Revolutionary State is a lay state and cannot adopt any religion because it is the representative of the entire people, both believers and nonbelievers.

We think that the two above quotes clearly restrain the Revolutionary State from participating in Christmas celebrations, because in so doing it would be using them for petty political purposes (in violation of No 5) and adopting the Christian religion (in violation of No 9), because it would be preparing to celebrate the feast of the birth of the Christian God with activities that would last several days and involve thousands of persons, as the FSLN would not just be attending Mass but instead devoting much of its December activity to celebrating the Christmas season.

3. The article about the plan to celebrate the Christmas season says that it is "apolitical" and "nonpartisan." The pages of one of the newspapers mention the following organizations as part of the committee, however: Social Welfare, which coordinates the activities of Health, Education and Culture; mass organizations such as the ATC [Agricultural Workers Association], CST [Sandinist Workers Federation], CDS [Sandinist Defense Committees], AMNLAE, UPN [Union of Nicaraguan Journalists], Sandinist Youth and the Association of Sandinist Children. Another paper mentions the same organizations and adds: "Also signing up were the Gardening Club and the Federation of Girl Guides, and the Christian Rank-And-File Communities, Evangelical Churches and Christian groups are also expected to take part.

We can gather from these items in the FSLN's official mouthpiece and in another paper that is a semigovernment spokesman that the celebration will be political because it has been the political organizations of a single party that have organized and that sit on the committees and that will undertake the celebrations.

4. Our attention is drawn to the paragraph in the communique declaring the following to be the purposes of the Christmas celebrations: "The salvaging and promotion of native cultural and religious values." We feel that Christianity is not native to any land, because it is exogenous, it came from outside. It is God who became man and came to redeem us; he came from beyond the earth to become flesh on this earth to save it. Furthermore, Christianity is exogenous to Nicaragua because it came to these lands through missionaries and was kept alive in Nicaragua through a union with other churches of the world, especially the Church of Rome's Catholicism, whose head, the pope, is also the head of our church. These supernatural and universal values of Christianity should never be lost sight of.

5. The advertising sought for the celebration of the Christmas season cannot but disturb us deeply, because instead of celebrating the birth of Christ, who was a real person who lived almost 2,000 years ago and who is still alive among us (because he rose from the dead, and those of us who believe in him experience and sense his strong presence), it celebrates the birth of the new man. Here we must ask: Who is the new man? The answer comes from the meaning that the expression has in Nicaragua's present-day climate: It is the birth of the new Sandinist who is not yet born, and we do not know whether he ever will be. Thus, the real, flesh-and-blood person of Christ, the beloved, deeply felt person of Christ, the flesh-and-blood person who has a history and is alive is being replaced by something abstract, vague, nonexistent.

6. The article does not talk about midnight Mass or the participation of our bishops or our priests or about other liturgical celebrations or about anything having to do with the organization of our church.

We would ask the organizers of the celebrations whether they consulted with our bishops on the structure of the plan, the texts of the advertising, the activities, etc. We should recall that the bishops are the sole authority of our church because they are the successors of the apostles and, therefore, the link between Christ and us.

7. Positive points in the program are the revival of the Christmas carols, which we hope maintain their religious flavor and are not imbued with political overtones; the Christmas plays, which we also hope observe their tradition and are not turned into popular political stage plays; the promotion of Nicaraguan toys and items, which although they do not decommercialize Christmas, at least make it less expensive and save us foreign exchange; the securing of further donations for adult education by appealing to our sister nations and the Christmas spirit that prevails throughout the Christian world; bringing the entire population into the Christmas celebrations, including prison inmates, hospital patients, etc, and finally, giving a present in the name of Christ to each Nicaraguan child in poor neighborhoods, in the dry gullies, in the most remote spots, so that through a small gift we can all rejoice that day in the greatest of all gifts: the coming of Christ into the world.

8743

CSO: 3010

CTN DEFENDS ITSELF AGAINST 'BARRICADA' ACCUSATIONS

Managua LA PRENSA in Spanish 30 Nov 80 p 6

[Text] The CTN [Federation of Nicaraguan Workers] hereby wishes to explain to our people and, in particular, to the working class the ongoing attacks by the nationalized and government-supporting mass media against our historic CTN. In a show of power these media are trying to confuse the workers and create a false image of our organization in the Nicaraguan people's eyes. In its Monday, 24 November issue, the paper BARRICADA printed news items about the CTN that were not in keeping with the facts, items that we are, therefore, now clarifying.

The CTN's absence from the 15 and 16 November assembly promoted by the CST [Sandinist Workers Federation] was decided on by the Boards of Directors of the unions affiliated with it, because the leaders of the CST turned a deaf ear to the proposals made by the members of the CTN Executive Committee at the meeting called by the CTN itself and held at the headquarters of the CGTI [General Confederation of Independent Workers] with the various union federations; the following proposals were made there:

- a) That the assembly be rescheduled for 13 and 14 December, inasmuch as the invitation had been received just 5 days before the event;
- b) That an Organizing Committee be appointed for the assembly, consisting of two members of each federation;
- c) That the lands confiscated from Somozists be distributed to the peasant farmers and that the INRA [National Institute for Agrarian Reform] be turned into a technical advisory body;
- d) That the event be broadcast direct on radio and television, because we felt that the assembly was of great significance for the workers in general.

At no time did the CST leaders accept the suggestions and proposals of our leaders, and hence we felt that no understanding could be reached among the representatives of the various union federations.

As to some statements in the same paper blaming the CTN for causing the shut-down in activities at the San Antonio Sugar Mill, we make this clarification:

The CTN wants to make it quite clear to the Nicaraguan people that it has had nothing to do with the strike at the San Antonio Sugar Mill, inasmuch as the union at that work center is affiliated with the CTN, which in light of the country's economic crisis has instructed member unions to boost production and productivity.

This clarification of the strike at the San Antonio Sugar Mill shows that the government supporters are responsible for the stoppage because they have been unable to guide and enlighten the workers properly and in view of their inability are resorting to deceit through the mass media that are available to them.

With regard to the divisive attitude that BARRICADA talks about, we would clarify that since 6 September 1962, when the MOSAN [Autonomous Union Movement of Nicaragua] was born, and since 6 September 1972, when MOSAN became the CTN, the movement has been and still is without divisions. It is not the CTN that is trying to divide the workers. Nor was it the CTN that divided the Socialist Party and the CGTI in 1970. Nor is it responsible for the split today between the Communist Party and the CAUS [Federation of Union Action and Unity]. It was not the CTN that divided the CGTI in 1977 at Workers House. It was not the CTN that created the three-pronged split of the FSLN [Sandinist National Liberation Front]. It was not the CTN that created the CST as if by magic to cause another split among the workers. Those who have endeavored to subjugate our people and who are today talking about unity are the ones who have divided the workers.

Since its emergence the CTN has constantly sought unity and cultivated the magnificent idea of unity with other worker organizations to better working class conditions. It has been demonstrated that this united approach has been decisive in the workers' struggle; today, however, we feel that there can be no unity unless those who talk about unity change their attitude, there can be no unity as long as leaders are imprisoned and persecuted and union documents seized, there can be no unity as long as attempts are made to control the unions by force, mainly by the force of arms.

Since its founding the CTN has fought and will continue fighting for the autonomy and independence of the labor movement. This is our stand because we have pursued our activities within the historic context of the class struggle, which is a fact in our society.

Furthermore, we feel that all political parties, regardless of their appearance or name, in one way or another serve the national oligarchies and the imperialist powers that are battling each other for world hegemony. They endeavor to make tools of the workers and set them at odds with each other as befits their group interests (the case of CAUS and FO), which precludes true unity among the workers.

Because of its eminently classist and revolutionary makeup, the CTN views with encouragement and hope the process that began in our country with the fall of the previous regime.

We think that radical, profound changes are needed that wind up placing power in the hands of the people, that place the mass media in the hands of their workers and that lead to the construction of a pluralist, participatory democracy and a society in which human beings can completely realize themselves. As Christians, we workers support the revolution and want it to give power to the people. We are thus together with the revolution, shoulder to shoulder.

The CTN reaffirms its faith and confidence in and its total commitment to the workers of the city and countryside who are struggling against injustice, exploitation, oppression and violence. We are therefore committed to the poor and the exploited and to man's struggle for his right to achieve total self-realization. Hence, we can say without doubts that we will build a communitarian socialism. We thus appeal to all workers of the city and countryside to join efforts and forces, because we are convinced that only the power of organized workers can make our ideals come true, that only the people can save the people.

Managua, 26 November 1980

The Executive Committee of the CTN

Enrique Velarde Ortiz, Executive Secretary

8743

CSO: 3010

ORREGO'S ELECTION VICTORY ANALYZED

Lima LA PRENSA in Spanish 24 Nov 80 p 1

[Article by Enrique Chirinos Soto]

[Text] The Popular Action party confirmed its status as a majority party on a national scale in the municipal elections held yesterday.

However, it suffered from a decline in votes which, in the specific case of the province of Lima, was more than balanced out by the surprising turn in the fortunes of the Popular Christian Party. In this province, the most populous in the country, the two parties with government responsibility--the AP and the PPC--won about 60 percent of the votes, representing an increase over the total won by both in the general elections last 18 May.

Thus Eduardo Orrego is the new mayor of Lima. PPC candidate Ricard Aniel seems to have placed second, if indeed very closely challenged by Alfonso Barrantes Lingan, the candidate of the united left. In any case, the APRA candidate, Justo Enrique Debarbieri, ended up with only 17 percent of the votes.

The contrast with the APRA results in Lima means a decline of five or six percent in comparison to the votes won by Armando Villanueva. But the Party of the People easily retained its stronghold in Trujillo. It won overwhelmingly in Chimbote, won by a close margin in Chiclayo, where it lost by a slim margin in May, and after many years, triumphed again in Iquitos, the capital of the province of Maynas. It also won in Cajamarca and Huanuco.

The united left increased its votes over the scattered success it had in May, but it did not equal the achievement in the June 1978 elections for the constituent assembly. The UI won, among others, the mayoral posts in Arequipa, Puno, Moquegua, Huaraz, Huancavelica and Pucallpa. The situation in Arequipa is particularly serious for the Popular Action. It inclined toward Belaunde in May, but five months later had ceased to do so. In almost all the other provincial capitals--on which, we should say, neither we nor the APRA nor the Unity of the Left counted--the mayors elected fly the populist colors.

It seems that outside of Lima, the Popular Christian Party had almost no success. The regular vote was won only in the province of Ica. Throughout the country and in absolute numbers, first place was won without a doubt by the Popular Action. Some results, particularly from the distant districts, are not yet in, so that it cannot be said whether second place went to the Aprista Party or the Unity of the Left.

The political analysts are already saying that, with the results which seem generally indicated, the Popular Action is reduced to its true dimensions. For the truth is that on 18 May, Belaunde received a voting supplement provided precisely by the extreme left, as is shown by a comparison between the votes for the presidential slates and those for the senatorial slates. In May, the anti-Aprista repercussions were in favor of Belaunde, but there was no reason for this to be true on this occasion for the simple reason that nobody anticipated a triumph for the party founded by Haya de la Torre.

As to the contrast seen for the APRA in Lima, it must be attributed to the image of schism which some of its main leaders have projected, and the weak candidacy of Debarbieri, which served neither to hold the Aprista vote nor to attract independent votes, although this has nothing to do with the academic brilliance, human qualities or unchallenged civic merits of the Aprista candidate, who appeared on television to express his congratulations to Orrego and to promise to collaborate with him in governing the capital of the republic.

Obviously, everyone has reasons for joy and reasons for sorrow. The Popular Action rejoices at the triumph in Lima and the greater part of the country, but it lost Arequipa. The Aprista Party experienced a serious reversal in Lima, but it could say that the solid north is giving indications of beginning to reconsolidate. The Popular Christian Party made a good showing in Lima, but practically none in the rest of the country. The extreme left improved its support, but it is far from strong in the greater part of the country. If the votes for the parties which profess fidelity to representative democracy--Popular Action, Aprista Party and Popular Christian Party--are added together, they continue to account for the overwhelming majority of the country.

In Lima, the Popular Action won not only in the so-called residential districts such as Miraflores and San Isidro, but also in the quarters with a lower economic and social level, such as Comas, San Juan de Miraflores, Villa Maria del Triunfo, and also typical middle-class districts such as Brena, Jesus Maria, Lince, Magdalena, Pueblo Libre, and San Miguel, not to mention the Callao Constitutional Province, where the Popular Action placed first with a broad margin over the APRA, with the extreme left just showing on the indicator.

There will be time to round up the figures and make a more profound study of Sunday's election. Meanwhile, it can be said that beyond any political calculation, the entire Peruvian people have given proof of equanimity and civic feeling, and have shown that they know perfectly well how to elect their municipal authorities, and that their preferences are not monolithic as is the case in totalitarian countries, but variable and versatile as is the case in democratic countries.

5157
CSO: 3010

ORREGO TO ESTABLISH DIALOG WITH OTHER PARTIES

Lima CRONICA in Spanish 25 Nov 80 p 4

[Text] "My first act as mayor will be to talk with the representatives of the other political groups to establish a program of minimal agreement. We do not interpret this victory for the Popular Action in triumphal fashion, but as an indication of our increased responsibility to establish political coordinates with the other political groups to the benefit of the people," architect Eduardo Orrego stated yesterday.

It was during the press conference he held yesterday afternoon in the Popular Action headquarters in Paseo Colon that he released the unofficial figures revealing the overwhelming triumph of his party in the municipal elections on the national level.

In fact, according to these figures, 16 mayors of department capitals are members of the Popular Action, as well as more than 90 mayors out of the 152 provincial capitals.

"We have an absolute majority of the mayors in the departmental and provincial capitals. And we came out second in nine departmental capitals. We have obtained figures from more than 92 out of the 153 provincial capitals, and in the course of this week we will have full information," he stated with satisfaction.

In Lima, on the other hand, the Popular Action (AP) is reported to have won the mayors' races in 23 districts, with 4 for the UI [Unity of the Left], 7 for the independents and 1 for the PAP [Aprista Party of Peru].

In terms of percentages, the results in Lima were something like the following: 36 to 37 percent for the AP, 27 to 28 percent for the UI, 21 to 23 percent for the PPC [Popular Christian Party], and 12 to 15 percent for the PAP.

"There is no percentage report on the national level, but a majority vote in Peru in favor of the AP is evident. The national triumph of the AP confirms the confidence of the Peruvian people in this political organization and in the government headed by architect Fernando Belaunde Terry," the mayor-elect of Lima said.

Orrego admitted that the AP may have had some failures in some district elections because of a poor choice of candidates. "In Ancon, an independent candidate who was a former AP mayor won with a 40 percent vote," he commented.

He said that there were two factors in this election: the political factor and the communal factor, and that the ideal for good municipal government is a bond between the two.

Orrego announced that next year he will try to balance the municipal budget, currently showing a serious deficit, by optimizing tax collection, and he announced that there is a plan for the relocation of the ambulatory peddlers in La Colmena, Belen and Jiron de la Union, which will be supplemented of policy of people's restaurants.

He also demanded the approval of a new, organic municipalities law, since it is "evident that the old legislation is unsuited to the current times."

5157

C50: 3010

'SHINING PATH' SUBVERSIVE PLAN DESTROYED BY PIP

Lima LA PRENSA in Spanish 26 Nov 80 p 5

[Text] PIP [Peruvian Investigative Police] detectives have thwarted a plan of action conceived for subversive purposes in the capital and the provinces, arresting 15 activists in the so-called "Shining Path" organization in the district of San Martin de Porres and in the locality of Huaral.

Subversive political propaganda, maps and a plan of attack for armed robbery of banks and credit institutions were seized, along with booklets with annotations on terrorist actions scheduled for perpetration soon in Lima and in the interior of the country.

All of the terrorists arrested belong to the ultraleftist (communist) organization mentioned, the central police office in Lima revealed.

At secret premises located at 313 Jr. Huancavelica in San Martin de Porres, the detectives arrested the following suspects:

Moises Simon Limache Huayascachi (alias Yogui), Oscar Enrique Valdivieso, Anibal Eulogio Mendoza, Diaz Obdulio, Adrian Gago Bustamante, Walter Enrique Gago Bustamante, Arsenio Galvez Sanchez, Abel Augurio Barcoparado, Frida Leon Rivera Donayre, Rosita Quintana Limaco Huayancachi, and Wilder Jesus Mosquera Zaval.

Later, in Huaral, the PIP also arrested, on charges of acts of terrorism against private and public property and damage to the state, secondary school teacher Rafael Cesar Tarazona Varillas, known as "Pepe" or "Fito," the gang leader. He is an active leader of the PCP--SL [Peruvian Communist Party--Shining Path]. He was also responsible for recruiting new activists, providing them with ideological indoctrination, and teaching them how to handle weapons and Molotov cocktails and the stratagems for acts of terrorism to be committed in the capital and the provinces, the police said.

Encinas Espinoza (alias Lino), Nemesio Polivio, Santos Espinoza, Juan Casimiro Flores Diaz, and Maria Jose Vargas Pacheco (alias Lalo) were also arrested in Huaral.

5157

CSO: 3010

ULTRALEFT INVOLVED IN TERRORIST ACTS

Lima CORREO in Spanish 23 Nov 80 p 4

[Text] Three attacks upon public and private property have caused the citizens of Lima worry and unease just prior to the municipal elections.

The most serious terrorist attacks were those involving the fire in the offices of the municipality of El Agustino and the dynamiting of the Popular Action headquarters in the same district, causing damage to the iron gate, window glass and frames.

The other attacks took place in Rimac, San Martin de Porres, Jesus Maria, Pueblo Libre, San Juan de Miraflores, and the very heart of Lima.

In the attack which occurred in the fourth block of Trujillo Street (Rimac) the police found pamphlets attributed to the Workers and Peasants Armed Struggle Movement urging the people not to vote today.

The police at the Fifth Commissariat reported arresting university student Raul Garcia Guzman, 18, and a waiter at a well-known downtown hotel, identified as Sabino Vasquez Huayec, 37. Two Molotov cocktails they planned to throw in the neighborhood of the University Park were confiscated from them.

The men arrested said that some strangers had given them a thousand soles each to transport the packages which contained the bombs.

Also, at about 0200 hours, some unidentified suspects were surprised by the crew of a patrol car in the area of Tacna Avenue and Emancipacion while they were attempting to soak a newspaper kiosk with gasoline.

The patrol car team fired into the air and the arsonists took flight in an automobile. The exchange of fire caused panic among the neighborhood residents.

El Agustino

The attack in the municipality of El Agustino occurred at 0300 hours. Unidentified individuals threw a container of gasoline onto the roof of the municipal offices and tossed Molotov cocktails through the windows.

The fire spread rapidly to the offices of the works and collections department, which was destroyed by the fire. Deputy Mayor Juan Yataco Almeida estimated that the damage came to more than 2 million soles.

Municipal guard Savedro Mamani, 39, told police that his first warning of the incident was when the lights in the sector went out suddenly, and then the unknown individuals appeared and tossed the Molotov cocktails and the gasoline container at the premises. Mamani ran off in search of police and to call the fire department.

When the Victoria No 8 and Francia No 2 fire companies arrived, they found the fire smoldering and then a loud explosion occurred. Then police were called to the fourth block of Riva Agüero Avenue, where the Popular Action headquarters are located.

Three bundles of dynamite had exploded in these premises.

Ramon Rivera Sanchez, 53, owner of the premises, said that the sizable explosion completely destroyed the door and the windowpanes. When he went out into the street he saw some strangers fleeing in an automobile.

The civil guards and the state security division are pursuing the pertinent investigations to identify and capture those responsible for the various attacks which have occurred recently.

5157

CSO: 3010

SENATOR ON APRA'S FUTURE, TERRORISM

Lima EXPRESO in Spanish 26 Nov 80 p 2

[Text] "No leftist sector of Marxist origin will ever agree to an alliance with the APRA [American Revolutionary Popular Alliance]. It will agree to talks, but a public agreement, categorically and definitively never," Dr Luis Alberto Sanchez said in a talk with an editor of this paper.

Speaking of the anticommunism of the APRA, he said that they chose this alternative because the communists always brandished an anti-APRA flag, even before that organization was founded.

He recalled that when the Communist Party was founded, a letter from the USSR Central Committee was read stating that the greatest enemy of communism was the APRA and that it must be wiped out.

In commenting on the thesis of the "responsible left" put forth by Armando Villanueva during his electoral campaign last May, Sanchez said that "Villanueva was not mistaken, he simply failed to understand the response which would come from this leftist sector, which would be identical to that prevailing during the constituent assembly."

Convention or Congress

Later on Dr Luis Alberto Sanchez specified that there is an urgent need to convoke a congress or a convention, but without the participation of members of either of the two factions in the organization commission.

"This convention should be held before 22 February in order to put an end to the disagreements. Later it would be undesirable," he stressed.

"To make this event more democratic we must update the voting roles and establish a single vote for each APRA member instead of voting by groups. The result of this last experiment was that a professional organization had more votes than a province with many more APRA members," he said.

• 1985 Elections

Sanchez said, moreover, that he does not hope to be a candidate in 1985. "I am satisfied with the present clear thinking, which suffices for me."

He then went on to say that in the next five years new personalities with enough charisma to win the election may emerge. Concerning Villanueva, Townsend and the possibility that Priale might seek such candidacy, Sanchez had absolutely nothing to say.

Armed Civilians

He said subsequently that many civilians had purchased weapons under the military government. "I have heard about a Ministry of Interior report, before Morales Bermudez took office, to the effect that civilians had purchased 40,000 weapons," he asserted.

"I do not know how true all this is, but if this is the case it is obvious that there is a will like that which existed in Chile in 1972 and 1973 and that which developed in Colombia."

He then said that the terrorists in the country would first seek to create chaos in order to justify a dictatorship "which might favor communism, like that of Velasco Alvarado, and at the expense of the country itself."

He termed the groups creating terror with a mixture of anarchism and Marxism as such factions.

Danger of Terrorism

Sanchez warned that it is danger to minimize the importance of terrorism, because at one time when they were termed cattle thieves and nothing more, De la Puente Uceda and many others died and Captain Patino was dismembered.

"Terrorism is not only murder but also terrorizing and governing the people through terror," the APRA leader said in conclusion.

5157

CSO: 3010

MINISTER ACKNOWLEDGES LEFTIST GAINS, SEEKS COOPERATION

Lima LA PRENSA in Spanish 25 Nov 80 p 3

[Text] Dr Jose Maria de la Jara y Ureta, minister of interior, after noting that his party, the Popular Action (AP) won the municipal elections in 14 departmental capitals and 80 provincial seats, appealed yesterday to the Unity of the Left (UI), and mainly to its leader, Dr Alfonso Barrantes Lingan, to act "sensibly" following the change in its fortunes in these elections.

"It is my hope that the prudence and judgment Dr Barrantes Lingan has revealed will lead him to adopt a sensible attitude and to lend collaboration in supporting and maintaining democracy," the minister said yesterday, after his high-level accord with President Belaunde.

In answer to reporters' questions, the minister of interior became somewhat expansive in commenting on the turn in the fortunes of the UI in these elections in which, he said, it won in six departments.

"I believe that the left wing today has its gaze fixed on the future municipal elections or the 1985 general elections. Therefore it must seek to gain power through representative democracy and not through violence," he said.

"Thus," he went on to say, "I do not see the UI committing violent acts now. It would be absurd to place bombs in municipal council premises now that they are their own (Arequipa, for example) or in those it will occupy. I do not believe in such a position and I am almost sure (about the future attitude of the UI) that it will be very different, because democracy has strengthened."

De la Jara did not regard the fact that the electoral percentages for the government party dropped in relation to the electoral vote last 18 May as a sign of defeat for the Popular Action or of any blurring of the government's image.

He explained that the fact that the popular percentages in these elections were below the 45 percent won by the president last May "does not represent evidence of a decline or defeat."

De la Jara said that Mr Orrego, future mayor of Lima, is "a brilliant architect and professional but obviously he is not Belaunde. However, he (Orrego) either matched or exceeded the 36 percent (required to win the presidency of the republic). Thus the success won by Mr Orrego is an absolute one."

In general terms, according to the minister, good sense and democracy prevailed in these elections, to the point that, to give an example, according to de la Jara, "in Ayacucho, where the organization known as Shining Path has its headquarters, the Popular Action won.

"This means, then, that Ayacucho has rejected violence as a form of political action," de la Jara said.

He said further that the AP won in Ayacucho, Abancay, Cuzco, Ica, Huancayo, Puerto Maldonado, Cerro de Pasco, Piura, Moyobamba, Tacna, Tumbes, Lima, Callao and Chachapoyas. The UI won in Huaraz, Arequipa, Huancavelica, Moquegua, Puno and Pucallpa, while the APRA [American Revolutionary Popular Alliance] won in Cajamarca, Huanuco, Trujillo, Chiclayo and Iquitos, to mention only the departmental capitals in terms of the three parties.

In commenting that despite the triumph in the departmental capitals or the 80 provincial seats, the Popular Action won very different percentages this time from those obtained in the last general elections, the minister said:

"You would think that miracles occur every day. These are extraordinary events. Normally one would win 35, 36 or 37 percent. This is a triumph. The fact is that we were enraptured and we lived in the style of the triumph of 18 May."

Asked to what he as a minister attributed the turnabout in the fortunes of the left wing in these elections, he responded:

"This is a product of a series of circumstances. First, they united, and secondly they had as a leader and principal chief a man of such equanimity, calm and realism as Dr Barrantes Lingan. His statements have revealed this. Obviously he had evaluated the situation of the left wing itself, its implications and its inherent limitations," de la Jara said.

About the APRA, which suffered such a decline in these elections, the minister said that he does not believe personally that this party will cease to be of importance in the Peruvian political theater.

5157

CSO: 3010

MOST MONTEVIDEO RESIDENTS SEEN FAVORING CONSTITUTIONAL GUIDELINES

Montevideo EL PAIS in Spanish 25 Oct 80 p 9

[Article: "67 Percent of Montevideo Residents Favor Guidelines - Gallup Poll Finds 46 Percent Favor Bicameralism"]

[Text] The constitutional guidelines that have governed the drafting of the new Magna Carta text have been received "favorably" by 67 percent of the residents of Montevideo, according to a Gallup poll made available late yesterday. About 4 percent responded "unfavorably" and 29 percent expressed no opinion. Other significant results indicate that about 40 percent--still referring to the capital city's residents--consider a new text necessary, whereas about 36 percent consider the previous text should not be changed. We publish below the characteristics of the sampling, followed by its results.

Characteristics

The Gallup organization conducted its sampling between 26 September and 6 October, throughout the Montevideo departmental area. Of those polled, 53 percent were females and 47 percent were males. Some 20 percent of those polled were between the ages of 15 and 24, some 38 percent between 25 and 49, and about 42 percent were over 50 years of age. About 15 percent of those polled were in the upper economic bracket, some 61 percent in the middle income bracket, and about 24 percent were in the low income bracket. About 2 percent had no schooling of any kind, 53 percent had schooling, and 45 percent had higher education. 26 percent of those polled were single, 66 percent were married and 8 percent were widowed or divorced. About 69 percent were Catholic, about 2 percent were Protestant, 3 percent were Jewish or of other religious denominations, and about 26 percent belonged to no religious denomination.

About 72 percent of those polled were registered and had voted in some previous election, about 16 percent were registered but had never voted, and about 12 percent were not registered.

These were the figures released by Gallup Uruguay S.A.

October Sampling Compared With August Results

Primary Results

[Question] In your judgement, does the country need a new Constitution? Or, could we continue with the one we now have?

	All	
	Oct percent	Aug percent
We need a new Constitution	40	42
We do not need one. The present one is good	36	43
No opinion	24	15

[Question] For what reason does it appear to you that a new Constitution is necessary?

	Oct percent	Aug percent
Previous Constitution was not effective, a change is needed	10	11
To change the forms of government, with different bases	9	17
To end politicking, slogan rule	1	2
For progress, advancement of the country, improvement of the economy..	17	14
Others	2	1

[Question] With regard to the Constitution that is being prepared, I am going to read you some of its points, and you will tell me if you agree with them or you disagree:

	Agree		Disagree	
	Oct percent	Aug percent	Oct percent	Aug percent
Sovereignty has its root in the Nation and is exercised through secret and compulsory ballot	94	96	6	4
There will be freedom of worship of all religions. There will also be freedom of education ...	98	98	2	2
The family is recognized to be the basis of the entire societal system	98	99	2	1

	All			
	Agree		Disagree	
	Oct percent	Aug percent	Oct percent	Aug percent
All those who govern must show morality, sobriety and austerity, and may be prosecuted for not complying with ethical, moral or civic norms	99	96	1	4

	All			
	Agree		Disagree	
	Oct percent	Aug percent	Oct percent	112 percent
A Council of National Security shall be created, made up of civilian authorities and commanders in chief, to safeguard our national objectives from internal and external interferences	85	80	15	20
The party that wins the election will have the right to govern with a legislative majority. The losing party will constitute the minority on a proportional basis	93	96	7	4
If during a term of government, owing to disagreement among its members, the president loses the majority, elections will be held	93	92	7	8
A Constitutional Court shall be created that will act in case of conflict within the upper-echelon bodies of the government	90	81	10	19
In case the upper-echelon authorities fail to comply with the Constitution	88	86	12	14
In cases of political infractions of law and trials	88	84	12	16
In case of annulment of elections by the Electoral Court	85	79	15	21
This body shall have powers equivalent to those of a court and may hand down sentences in cases of conviction. Its members will not be entitled to hold political positions	83	75	17	25
The right to strike shall be regulated, with prior and obligatory forms of arbitration and conciliation	79	79	21	21
Public employees shall not have the right to strike	64	53	36	47

[Question] With reference to the new Constitution, many things have not yet been resolved. It has not been decided whether there shall be one or two Chambers. Which do you consider more adequate: that there be one Chamber or two Chambers?

	All	
	Oct percent	Aug percent
One Chamber	33	28
Two Chambers	46	60
No opinion	21	12

[Question] Whether there be one or two Chambers, the idea is that the number of deputies be the minimum possible. And that the Legislative Branch be rapid and agile. Are you in agreement? Or, do you prefer a system that is less agile, but more cautious and careful?

	All	
	Oct percent	Aug percent
Agile	47	49
Less agile, but more cautious	36	43
No opinion	17	8

[Question] Should the term of government be 5 years (as it is now)? Or 6 years as in other countries?

	All	
	Oct percent	Aug percent
5 years	75	84
6 years	14	11
No opinion	11	5

[Question] Should the new Constitution recognize all political parties? Or should it exclude certain parties?

	All	
	Oct percent	Aug percent
Recognize all parties	38	48
Exclude certain parties	46	42
No opinion	16	10

[Question] Should voting in elections be compulsory? Or should it be voluntary?

	All	
	Oct percent	Aug percent
Compulsory	57	50
Voluntary	37	47
No opinion	6	3

[Question] Although it is too early yet to judge, since the final text is still not known, considering however the above guidelines as well as what you have heard elsewhere and what you actually know, what is your impression of the Constitution that is under preparation? A good impression? Or a bad impression?

	All	
	Oct percent	Aug percent
Good impression.....	67	61
Bad impression.....	4	11
No opinion.....	29	28

RAPELA OPTIMISTIC REGARDING 'YES' VOTE IN UPCOMING PLEBISCITE

Montevideo EL PAIS in Spanish 26 Oct 80 p 14

[Interview with Gen Julio Cesar Rapela: "Rapela: Retired Military Can Occupy Any Position, Including Presidency," at Santa Lucia, Canelones, on 25 October 1980]

[Text] This year, we will decide whether there will be one or more candidates in the 1981 elections. We are not going to permit the return of anarchy and discord. It is my opinion that blank votes will not be counted. Upon approval of the new Constitution, the law governing the activities of political parties will be structured; the statute is considered a "high priority" by the COMASPO [Armed Forces Political Commission]. I am optimistic; I believe the citizenry is going to vote "yes." I consider that retired military personnel are entitled to occupy any position, including the presidency.--These are some of the concepts expressed to EL PAIS by Gen Julio Cesar Rapela at the inauguration of the Frigorífico Moreno y Canto S.A. plant in the suburbs of Santa Lucia, Canelones.

Following is the dialog that around noon yesterday was held with the 11th Army Division Commander, exclusively by EL PAIS, the only written press organ present for the occasion.

Constituent Assembly

[Question] General Rapela, is our country entering a decisive week as regards its institutional process?

[Answer] Yes. I consider it a very important week, because it is the week in which the text of the Constitution is to be approved, which, in my opinion, represents for us a historic advance.

[Question] Will one more session be sufficient?

[Answer] No. I feel it will take more than one session, since there are some issues on which we have not yet defined our positions. We need to exchange views and dialog together to reach a definitive solution.

[Question] But will the philosophy underlying the guidelines change...?

[Answer] No, no. The guidelines, as regards their most important, their basic aspects, are being maintained. There have been a few modifications, a few changes, but we consider them reasonable.

[Question] Might there be another meeting prior to tomorrow's Constituent Assembly?

[Answer] We are going to hold a meeting to discuss some other matters on the agenda which however are not directly connected with problem of the Constitution. At this point, we have already exchanged views with the advisers, with the ministers, with President Mendez, so that the Armed Forces now have the opinions of all sectors properly involved in the issue.

[Question] Gen Rapela, at present, one minister and the heads of several state-owned autonomous enterprises and decentralized services are military personnel. Is it your understanding that this philosophy will continue in the future?

[Answer] This will depend on the future government. It will be its responsibility to decide who will occupy such positions. Current examples abound, and it is my view that we military are as qualified to perform the functions we have carried out until now as is any civilian.

The Plebiscite

[Question] What will a "yes" mean in the forthcoming plebiscite?

[Answer] It will mean the entitlement of the political parties, the start of a new phase of our representative democratic system, which will have its culmination beginning in 1986; so that, since we have that system, I feel the citizenry will back it and support it.

[Question] And a "no"?

[Answer] It will mean that we will not have the immediate advent of political party activity. Obviously, everything that has been built into the Constitution will suffer a setback, the timetable will have to be suspended until the future steps to be taken are determined. I would like to clarify certain statements that have been made to the effect that in such a case we would return to anarchy and discord. No, the Armed Forces will not tolerate such a return. The best way for our country to move forward is to have a system in which those persons who represent the people can function. Should this not occur, should the Constitution not be approved, the present government will continue in office and a new timetable will be drawn up.

[Question] With the plebiscite a month away, is the possibility of a "no" causing concern?

[Answer] The problem of a negative vote causes me no concern at this moment. I am optimistic. I may be mistaken, but I believe the citizenry will vote "yes." It is a problem that does not disturb me.

[Question] In the recent Chilean plebiscite, blank votes were counted as affirmative. Will the same be done here?

[Answer] I believe that in our case, in the national plebiscite, blank votes will simply not be taken into account. But I cannot tell you as yet whether a determination will be made in this regard.

[Question] Immediately following the Constituent Assembly, will the COMASPO draw up the statute of political parties?

[Answer] That is one of the things that has "high priority." Therefore, as soon as the Constitution has been approved, the basic law on political party activity will be drawn up.

[Question] Various party sectors have made it known publicly that their position is to vote "yes." What do you think of this?

[Answer] I think their position is well taken, that they have understood this joint civilian and military government, and that their desire is to be able to function in the country's political and governmental life. To the extent they back us and support us, they are welcome.

Candidates

[Question] When will it be decided whether there will be one or more candidates in the 1981 elections?

[Answer] That decision is going to take place before you think it will. I believe that point will be decided this year. I repeat that a timetable exists that was drawn up by the Armed Forces on 9 August 1977, which had set up a transition period, from 1982 until 1987, during which there was to be one candidate, to be agreed upon among the political parties that would be presenting and debating candidacies. This has not yet been changed and therefore continues in effect. There will be a pronouncement, however, that will be issued shortly.

[Question] At this point in the process, is it known whether that compromise candidate will be a civilian, an active or a retired military person?

[Answer] That will be decided by the political parties. They will have their candidates and the Armed Forces will have to say whether they are viable or not. It is our view that whether there be one candidate or more than one, the candidates will have to be proposed by the political parties.

[Question] Internationally, how has this acceleration of the Uruguayan process been received?

[Answer] I think that internationally there are those who are for it, and there are those who are against it and prefer that it not continue so that they can continue distorting Uruguay's image and exacerbating its problems.

[Question] Could you tell us at this time whether the membership of the Political Control Tribunal will number as many civilians as retired military?

[Answer] Yes. For the same reason that, as I have said, the military are occupying positions today, I consider them qualified to fulfill any position of responsibility.

[Question] The presidency as well, General?

[Answer] The presidency has already been occupied by several military persons. Our history is rich in this sense, and our first president was a military man whom we all admire and venerate: Gen Fructuoso Rivera. Thus, I see no reason why a military person cannot be president of the Republic.

9238
CSO: 3010

END

END OF

FICHE

DATE FILMED

1-15-81

Jeff